Stone Ridge All Asset Variance Risk Premium Fund
A series of Stone Ridge Trust III
510 Madison Avenue, 21st Floor
New York, New York 10022

October 20, 2020

Dear Stone Ridge All Asset Variance Risk Premium Fund Shareholder:

We are proposing to reorganize Stone Ridge All Asset Variance Risk Premium Fund ("Existing AVRPX") into a new open-end mutual fund series of Stone Ridge Trust also called Stone Ridge All Asset Variance Risk Premium Fund ("New AVRPX" and, together with Existing AVRPX, the "Funds") with the same investment objective and with investment strategies substantially identical to those of Existing AVRPX, which is a continuously offered, closed-end interval fund. In this reorganization, your shares of Existing AVRPX would be exchanged on a tax-free basis for Class I shares of New AVRPX with an equal total net asset value.

We believe that the proposed reorganization (the "Proposed Reorganization") will provide you the following advantages:

Increased liquidity. New AVRPX is an open-end fund. As a shareholder, you will typically be able to buy and sell shares of New AVRPX without limitation as to amount on any day that the New York Stock Exchange opens for business at the net asset value ("NAV") per share next determined following receipt of a purchase or redemption request in good order.

Lower Fees and Net Expenses. The open-end New AVRPX will have a lower management fee of 1.50% of the fund's average daily net assets, as compared to Existing AVRPX's management fee of 2.00% of such fund's average daily net assets. In addition, while Existing AVRPX currently bears 0.10% in distribution and/or service fees, Class I shares of New AVRPX (which currently will be the only class of New AVRPX available) will not bear any such fees, further lowering its net annual fund operating expenses as a percentage of net asset value, as compared to Existing AVRPX.

Both New AVRPX and Existing AVRPX are managed by Stone Ridge Asset Management LLC ("Stone Ridge" or the "Adviser") and both Funds have the same portfolio managers. If shareholders approve the Proposed Reorganization, the reorganization is expected to be completed in the fourth quarter of 2020.

If the Proposed Reorganization is approved, Stone Ridge currently intends, following the consummation of the reorganization of the Existing AVRPX into the New AVRPX, to propose a reorganization of New AVRPX into the Stone Ridge Diversified Alternatives Fund ("SRDAX"), an open-end series of Stone Ridge Trust managed by Stone Ridge. SRDAX is a multi-strategy fund, and one of SRDAX's principal investment strategies is substantially the same as the principal investment strategies of New (and Existing) AVRPX. The management fee of SRDAX (1.50% of the fund's average daily net assets) is identical to that of New AVRPX. The share class of SRDAX into which Class I Shares of New AVRPX would be reorganized has no distribution or service fees. The reorganization of New AVRPX into SRDAX would be eligible pursuant to applicable rules under the Investment Company Act of 1940, as amended, to be consummated upon approval from the Board of Trustees of Stone Ridge Trust without approval from shareholders.

Your vote is important

The Board of Trustees of Stone Ridge Trust III (the "Board") has carefully reviewed the terms of the Proposed Reorganization and unanimously recommends that shareholders of Existing AVRPX approve the Proposed Reorganization. In determining to recommend approval of the Proposed Reorganization, the Board considered various factors, including the benefits described above. The enclosed materials explain the proposal and its potential benefits and consequences in more detail, and you are encouraged to review it carefully.

A meeting of the shareholders of Existing AVRPX (the "Meeting") will be held at 10:30 a.m., Eastern time, on December 2, 2020, to vote on the Proposed Reorganization. The Meeting will be held at the offices of Ropes & Gray LLP at 800 Boylston Street, Boston, Massachusetts 02199.

Most shareholders find it more convenient to vote their shares by proxy, although you may attend the Meeting in person. If you are not able to attend the Meeting, please use the enclosed proxy and envelope to cast your vote so that you will be represented.

No matter how many shares you own, your timely vote is important. As a shareholder, your vote is important, and we hope that you will respond today to ensure that your shares will be represented at the Meeting. In order to complete the Proposed Reorganization, a quorum must be present at the Meeting (in person or by proxy) and a majority of outstanding voting shares must vote for its approval. You may vote using one of the methods below by following the instructions on your proxy card:

- By touch-tone telephone;
- By internet;
- By email (if you are a registered shareholder or a non-objecting beneficial owner, which means that you consented or did not object to your contact information being shared when you opened your brokerage account);
- By returning the enclosed proxy card in the postage-paid envelope; or
- In person at the Meeting.

If you do not vote using one of these methods, you may be contacted by Okapi Partners LLC, our proxy solicitation firm, to vote your shares over the phone. *If you have any questions regarding the Prospectus/Proxy Statement, please call Okapi Partners LLC toll-free at 888-785-6707.*

The Existing AVRPX is sensitive to the health and travel concerns the Existing AVRPX's shareholders may have and the protocols that federal, state and local governments may impose. Due to the public health crisis presented by the ongoing COVID-19 pandemic, the location or means of conducting the Meeting may change. In the event of such a change, the Existing AVRPX will announce alternative arrangements for the Meeting as promptly as practicable, which may include holding the Meeting by means of remote communication, among other arrangements. The Existing AVRPX plans to announce these changes, if any, at www.okapivote.com/AVRPXmeeting and encourages you to check this website prior to the Meeting if you plan to attend. The Existing AVRPX does not anticipate that it will deliver additional soliciting materials to shareholders or otherwise amend the Existing AVRPX's proxy materials in the event of a decision to conduct the Meeting pursuant to an alternative arrangement.

Thank you in advance for your participation in this important event.

Warmly,

/s/ Nathaniel Conrad

Nathaniel Conrad
Portfolio Manager

Stone Ridge All Asset Variance Risk Premium Fund

c/o Stone Ridge Asset Management LLC
510 Madison Avenue, 21st Floor
New York, New York 10022

For proxy information, please call: 888-785-6707

NOTICE OF MEETING OF SHAREHOLDERS
December 2, 2020

To the Shareholders of Stone Ridge All Asset Variance Risk Premium Fund:

Notice is hereby given that a meeting of shareholders of Stone Ridge All Asset Variance Risk Premium Fund ("Existing AVRPX") will be held on December 2, 2020, at 10:30 a.m., Eastern time, at the offices of Ropes & Gray LLP at 800 Boylston Street, Boston, Massachusetts 02199 (the "Meeting"), to consider the following:

1. An Agreement and Plan of Reorganization providing for the transfer of all of the assets, subject to liabilities, of Existing AVRPX to Stone Ridge All Asset Variance Risk Premium Fund, a series of Stone Ridge Trust ("New AVRPX"), in exchange for the issuance and delivery of Class I shares of New AVRPX and the assumption by New AVRPX of all of the liabilities of Existing AVRPX, and the distribution of such shares to the shareholders of Existing AVRPX in complete liquidation of Existing AVRPX; and

2. Such other matters as may properly come before the Meeting and any adjourned or postponed session thereof.

Shareholders of record on October 15, 2020 are entitled to notice of, and to vote at, the Meeting.

By order of the Board of Trustees,

Lauren D. Macioce
Secretary

October 20, 2020

YOUR VOTE IS IMPORTANT

Please respond — your vote is important. Whether or not you plan to attend the Meeting, please complete, sign, date and return the enclosed proxy card(s) in the enclosed postage-prepaid envelope so that you will be represented at the Meeting.

<u>**Any shareholder wishing to attend the Meeting in person must call Okapi Partners LLC toll-free at 888-785-6707 to register no later than 10:30 a.m., Eastern time, on November 30, 2020. Due to the public health crisis presented by the ongoing COVID-19 pandemic, shareholders attending the Meeting in person will be required to adhere to the COVID-19-related policies in place at the Meeting location, including signing a medical attestation, wearing a mask or cloth face covering while on the premises, and practicing social distancing.**</u>

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE MEETING TO BE HELD ON DECEMBER 2, 2020:

The Prospectus/Proxy Statement, the Notice of the Meeting of Shareholders, any accompanying materials and any amendments or supplements to the foregoing materials that are required to be furnished to shareholders are available to you on the Internet at www.okapivote.com/AVRPX.

Stone Ridge All Asset Variance Risk Premium Fund

October 20, 2020

Acquisition of the assets of:	**by and in exchange for shares of:**
Stone Ridge All Asset Variance Risk Premium Fund, a series of Stone Ridge Trust III, a Delaware statutory trust, c/o Stone Ridge Asset Management LLC 510 Madison Avenue, 21st Floor New York, New York 10022 (212) 257-4750	Stone Ridge All Asset Variance Risk Premium Fund a series of Stone Ridge Trust, a Delaware statutory trust c/o Stone Ridge Asset Management LLC 510 Madison Avenue, 21st Floor New York, New York 10022 (212) 257-4750

This Prospectus/Proxy Statement relates to the Proposed Reorganization of Stone Ridge All Asset Variance Risk Premium Fund, a series of Stone Ridge Trust III, a Delaware statutory trust ("Existing AVRPX") into Stone Ridge All Asset Variance Risk Premium Fund, a newly organized series of Stone Ridge Trust ("New AVRPX") (together, the "Funds"). As a result of the Proposed Reorganization, each shareholder of Existing AVRPX will receive Class I shares of New AVRPX equal in value to the net asset value of the shareholder's Existing AVRPX shares.

This Prospectus/Proxy Statement is being mailed to shareholders of Existing AVRPX on or about October 23, 2020. This Prospectus/Proxy Statement explains concisely what you should know before voting on the Proposed Reorganization or investing in New AVRPX. Please read it and keep it for future reference.

A Statement of Additional Information dated October 20, 2020, relating to this Prospectus/Proxy Statement (the "Reorganization SAI") has been filed with the Securities and Exchange Commission ("SEC") and is hereby incorporated into this Prospectus/Proxy Statement by reference. In addition, the following documents have been filed with the SEC and, to the extent provided below, are incorporated herein by reference, which means they are considered legally a part of the Prospectus/Proxy Statement.

- The Prospectus of Existing AVRPX, dated March 1, 2020, as supplemented from time to time.
- The Statement of Additional Information of Existing AVRPX, dated March 1, 2020, as supplemented from time to time. Existing AVRPX's current prospectus and statement of additional information are available at https://www.sec.gov/Archives/edgar/data/1629071/000119312520056148/d864538d486bpos.htm.
- The audited financial statements of Existing AVRPX and related report of auditors relating to Existing AVRPX for the fiscal year ended October 31, 2019, included in the Annual Report to Shareholders of Existing AVRPX, and the unaudited financial statements of Existing AVRPX for the period ended April 30, 2020, included in the Semiannual Report to Shareholders of Existing AVRPX. Existing AVRPX's annual report is available at https://www.sec.gov/Archives/edgar/data/1629071/000119312520004727/d822812dncsr.htm and Existing AVRPX's semiannual report is available at https://www.sec.gov/Archives/edgar/data/1629071/000119312520187020/d925893dncsrs.htm.

The SEC file numbers for Existing AVRPX's registration statement on Form N-2 and associated filings are 333-229925, 333-223297, 333-216308, 333-201265 and 811-23018.

This document will give you the information you need to vote on the proposal. Much of the information is required under the rules of the SEC; some of it is technical. If there is anything you do not understand, please contact Okapi Partners LLC toll-free at 888-785-6707 or call your financial advisor.

For a free copy of Existing AVRPX's prospectus, statement of additional information, annual report or semiannual report or of the Reorganization SAI, please call 855-609-3680, or visit www.stoneridgefunds.com. Each Fund is subject to the informational requirements of the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Investment Company Act of 1940, as amended (the "1940 Act"), and in accordance therewith, files reports, information statements, proxy materials and other information with the SEC.

HTML and text-only versions of the Funds' documents can be viewed online or downloaded from the EDGAR database on the SEC's Internet website at www.sec.gov. You may also review and copy those documents at prescribed rates by visiting the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. In addition, copies may be obtained, after mailing the appropriate duplicating fee, by writing to the SEC's Public Reference Section, Washington, D.C. 20549-1520 or by e-mail request at publicinfo@sec.gov.

None of the Securities and Exchange Commission, the Commodity Futures Trading Commission or any state securities commission has approved or disapproved of these securities or determined this Prospectus/Proxy Statement is truthful or complete. Any representation to the contrary is a criminal offense.

An investment in New AVRPX is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, Federal Reserve Board or any other government agency.

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PROSPECTUS/PROXY STATEMENT

A. OVERVIEW

The responses to the questions that follow provide an overview of key points typically of concern to shareholders considering a Proposed Reorganization between a closed-end fund and an open-end mutual fund. These responses are qualified in their entirety by the remainder of this Prospectus/Proxy Statement, which contains additional information and further details about the Proposed Reorganization.

1. What is the purpose of the proposal?

The proposal is designed to provide shareholders of Existing AVRPX with increased liquidity and lower fund fees and expenses.

2. What are shareholders being asked to vote on?

The Board of Trustees of Stone Ridge Trust III (the "Board"), which is also the Board of Trustees of Stone Ridge Trust, of which New AVRPX is a series, is recommending that you approve the Proposed Reorganization[1] of Existing AVRPX into New AVRPX and the related transactions contemplated by the Agreement and Plan of Reorganization between the Funds. If approved by shareholders of Existing AVRPX, all of the assets, subject to liabilities, of Existing AVRPX will be transferred to New AVRPX on the closing date of the transaction, (the "Closing Date"), which is expected to be on or about December 4, 2020. In exchange, New AVRPX will issue and deliver Class I shares of New AVRPX (the "Reorganization Shares") to Existing AVRPX with a value equal to the value of Existing AVRPX's assets, net of liabilities, and will also assume all of the liabilities of Existing AVRPX. Immediately following the transfer, the Reorganization Shares received by Existing AVRPX will be distributed to its shareholders, pro rata.

3. What will happen to my shares of Existing AVRPX as a result of the Proposed Reorganization?

Your shares of Existing AVRPX will, in effect, be exchanged on a tax-free basis for shares of New AVRPX with an equal aggregate net asset value on the date of the reorganization.

4. Why is the reorganization being proposed at this time?

Stone Ridge Asset Management LLC ("Stone Ridge" or the "Adviser") is proposing and the Board is recommending the reorganization of Existing AVRPX into New AVRPX because it offers shareholders of Existing AVRPX the opportunity to invest in a fund with substantially identical principal investment strategies, but with increased liquidity and a lower expense ratio. While there are benefits ordinarily associated with investment in a closed-end interval fund, such as the ability to invest in a greater proportion of illiquid assets than an open-end fund, Existing AVRPX currently invests primarily in liquid securities and has not employed leverage for investment purposes. As a result, the Adviser did not identify significant investment advantages to Existing AVRPX stemming from its closed-end status, and believes, in the case of Existing AVRPX, the expected benefits from the Proposed Reorganization outweigh the benefits of a closed-end interval fund structure.

The Board has also carefully considered the anticipated benefits and costs of the Proposed Reorganization. For a detailed discussion of the Board's deliberations, see "Information about the Proposed Reorganization — The Board's Considerations Relating to Proposed Reorganization." The Board, including all of the trustees who are not "interested persons" (as defined in the Investment Company Act of 1940, as

[1] The term "reorganization" is used in this Prospectus/Proxy Statement for ease of reference. The Agreement provides, among other things, for the transfer of all of the assets of Existing AVRPX to New AVRPX and the assumption by the New AVRPX of all of the liabilities of Existing AVRPX in exchange for the issuance to Existing AVRPX of the Reorganization Shares.

amended (the “1940 Act”)) of Existing AVRPX, New AVRPX or the Adviser (these Trustees are referred to as “Independent Trustees” throughout this Prospectus/Proxy Statement), has unanimously determined that the Proposed Reorganization is in the best interests of both Existing AVRPX and New AVRPX and recommends that shareholders of Existing AVRPX vote FOR approval of the Proposed Reorganization.

5. How do the investment objectives, policies and restrictions of the two Funds compare?

The investment objectives of Existing AVRPX and New AVRPX are the same, and the principal investment strategies of Existing AVRPX and New AVRPX are substantially identical; a more detailed description of each Fund’s investment strategies is set forth in such Fund’s prospectus. A comparison of the investment objectives, investment strategies and liquidity for Existing AVRPX and New AVRPX is set forth in the following table:

<table>
<tr><th></th><th>Existing AVRPX</th><th>New AVRPX</th></tr>
<tr><td>Investment Objective</td><td colspan="2">The investment objective of each of the Funds is to achieve capital appreciation.</td></tr>
<tr><td>Investment Strategy</td><td colspan="2">Each of the Funds typically pursues its investment objective by entering into exchange-traded or over-the-counter (“OTC”) derivative contracts primarily related to commodities and foreign currencies. Each Fund may enter into a variety of derivative contracts, but typically expects to enter into put and call options, futures contracts, options on futures contracts, swaps and swaptions. This universe of investments is subject to change under varying market conditions and as these instruments evolve over time.</td></tr>
<tr><td>Shareholder Liquidity</td><td>Limited. Existing AVRPX makes quarterly repurchase offers to its shareholders for between 5% and 25% of its outstanding common shares at NAV, pursuant to Rule 23c-3 under the 1940 Act and a fundamental policy of Existing AVRPX. Quarterly repurchase offers are made in the months of March, June, September and December, with repurchases occurring in the months of April, July, October and January.</td><td>Significantly greater liquidity for shareholders. Shareholders may generally purchase or redeem their shares of New AVRPX on any day that the New York Stock Exchange opens for business at the NAV per share next determined following receipt of a purchase or redemption request in good order by New AVRPX, ALPS Distributors, Inc. (the “Distributor”), the Transfer Agent or an authorized intermediary.</td></tr>
</table>

Existing AVRPX and New AVRPX have adopted certain fundamental investment policies. Fundamental investment policies cannot be changed as to each Fund without the consent of the holders of a majority of the outstanding voting securities of the Fund, as such term is defined in the 1940 Act; other investment policies can be changed without such consent. The Funds have substantially identical fundamental investment policies except that Existing AVRPX, in order to provide some liquidity to shareholders, has a fundamental policy to make quarterly repurchase offers to its shareholders. See the response to Question 10 below for additional information about Existing AVRPX’s quarterly repurchase offers. A comparison of the fundamental investment policies of Existing AVRPX and of New AVRPX is located in Appendix D — Comparison of Fundamental Investment Restrictions.

6. How do the management fees and other expenses of the Funds compare, and what are they estimated to be following the Proposed Reorganization?

Based on the expense information shown below, the expense ratio of New AVRPX is expected to be lower than the expense ratio of Existing AVRPX. The following tables show the expenses an investor would incur in connection with making an investment in Existing AVRPX and New AVRPX. The tables also show the fees and expenses paid by Existing AVRPX for its fiscal year ended October 31, 2019 and the *pro forma* fees and expenses for New AVRPX, for its fiscal year ending October 31, 2021, assuming that the reorganization had occurred as of October 31, 2020. The examples following the tables will help you compare the cost of investing in Existing AVRPX with the estimated cost of investing in New AVRPX (based on the *pro forma* fees and expenses shown in the tables).

Neither Fund charges sales loads or similar fees paid directly from your investment. While Existing AVRPX is able to charge a maximum repurchase fee of 2.00%, it does not currently charge a repurchase fee.

Shareholder Transaction Expenses (fees paid directly from your investment)	**Existing AVRPX**	**New AVRPX (pro forma)**
Maximum Repurchase Fee(1)	2.00%(1)	None
Annual Fund Operating Expenses		
(expenses you pay each year as a percentage of the value of your investment)		
Management Fees	2.00%	1.50%
Distribution and/or Service Fees	0.10%(2)	None
Other Expenses		
Broker Interest Expense	0.01%	0.01%
All Other Expenses	0.50%(3)	0.76%(4)
Total Other Expenses	0.51%	0.77%
Acquired Fund Fees and Expenses	0.03%	0.03%
Total Annual Fund Operating Expenses	2.64%	2.30%
(Fee Waiver and/or Expense Reimbursement)	0.00%(5)	0.10%(6)
Total Annual Fund Operating Expenses After (Fee Waiver/Expense Reimbursement)	2.64%	2.20%

(1) Existing AVRPX does not currently charge a repurchase fee and New AVRPX will not charge a repurchase fee.

(2) Distribution and/or Service Fees include a 0.05% fee paid pursuant to Existing AVRPX's Distribution and Servicing Plan and a 0.05% fee paid pursuant to the Services Agreement between Existing AVRPX and the Adviser. New AVRPX will not have a Distribution and Servicing Plan or a Services Agreement.

(3) All Other Expenses for Existing AVRPX have been restated and are based on estimated amounts for Existing AVRPX's current fiscal year. Actual expenses may differ from estimates.

(4) All Other Expenses for New AVRPX are based upon estimated amounts for New AVRPX's initial fiscal year ending October 31, 2021. Actual expenses may differ from estimates.

(5) Through February 28, 2021, the Adviser has contractually agreed to waive its management fee and/or pay or otherwise bear operating and other expenses of Existing AVRPX (including offering expenses, but excluding brokerage and transactional expenses; borrowing and other investment-related costs and fees including 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 Existing AVRPX's business (collectively, the "Existing AVRPX Excluded Expenses")) solely to the extent necessary to limit the Total Annual Fund Operating Expenses, other than Existing AVRPX Excluded Expenses, to 2.60% of the average daily net assets of Existing AVRPX. The Adviser shall be entitled to recoup in later periods expenses that the Adviser has paid or otherwise borne (whether through reduction of its management fee or otherwise) to the extent that the expenses for Existing AVRPX (including offering expenses, but excluding Existing AVRPX Excluded Expenses) after such recoupment do not exceed the lower of (i) the annual expense limitation rate in effect at the time of the actual waiver/reimbursement and (ii) the annual expense limitation rate in effect at the time of the recoupment; *provided*, that the Adviser shall not be permitted to recoup any such fees or expenses beyond three years from the end of the month in which such fee was reduced or such expense was reimbursed. The expense limitation agreement may only be modified by a majority vote of the trustees who are not "interested persons" of Existing AVRPX (as defined by the 1940 Act) and the consent of the Adviser.

(6) Through November 2, 2021, the Adviser has contractually agreed to waive its management fee and/or pay or otherwise bear operating and other expenses of New AVRPX (including offering expenses, but excluding brokerage and transactional expenses; borrowing and other investment-related costs and fees including 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 New AVRPX's business (collectively, the "New AVRPX Excluded Expenses")) solely to the extent necessary to limit the Total Annual Fund Operating Expenses, other than New AVRPX Excluded Expenses, to 2.10% of the average daily net assets of New AVRPX. The Adviser shall be entitled to recoup in later periods expenses that the Adviser has paid or otherwise borne (whether through reduction of its management fee or otherwise) to the extent that the expenses for New AVRPX (including offering expenses, but excluding New AVRPX Excluded Expenses) after such recoupment do not exceed the lower of (i) the annual expense limitation rate in effect at the time of the actual waiver/reimbursement and (ii) the annual expense limitation rate in effect at the time of the recoupment; *provided*, that the Adviser shall not be permitted to recoup any such fees or expenses beyond three years from the end of the month in which such fee was reduced or such expense was reimbursed. The expense limitation agreement may only be modified by a majority vote of the trustees who are not "interested persons" of New AVRPX (as defined by the 1940 Act) and the consent of the Adviser.

Examples. The Examples below are intended to help you compare the cost of investing in common shares of Existing AVRPX with the costs of investing in Class I shares of New AVRPX. The Examples assume that you invest $10,000 in the noted class of shares for the time periods indicated, your investment has a 5% return each year, the reinvestment of all dividends and distributions, and the Funds' operating expenses remain the same (except that the examples reflect the expense limitation arrangements only for the first year). Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions. The example assumes that the estimated Other Expenses of New AVRPX set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at net asset value. Actual expenses may be greater or less than those assumed. Moreover, the Funds' actual rate of return may be greater or less than the hypothetical 5% annual return shown in the example.

	1 Year	3 Years	5 Years	10 Years
Existing AVRPX Common Shares	$267	$820	$1,400	$2,973
New AVRPX Class I Shares	$223	$709	$1,221	$2,628

7. What are the costs of the Reorganization?

Reorganization costs will be allocated to Existing AVRPX, regardless of whether the reorganization is consummated. The estimated costs of the Proposed Reorganization are set forth on page 13 in the section "Information about the Proposed Reorganization — Expenses of the Reorganization."

8. How does the investment performance of the funds compare?

New AVRPX has not yet commenced operations. For accounting purposes, it is expected that New AVRPX will assume the performance history and financial statements of Existing AVRPX upon the consummation of the reorganization.

The bar chart and table below provide some indication of the risks of investing in Existing AVRPX by showing changes in the performance of Existing AVRPX's common shares from year to year and by comparing Existing AVRPX's average annual total returns for the periods indicated with those of a broad measure of market performance. Past performance (before and after taxes) is not an indication of future performance. Performance data current to the most recent month end may be obtained by calling (855) 609-3680.

7.64%	10.47%	(12.18)%	5.30%
2016	2017	2018	2019

Best Quarter (as of December 31, 2019)	Worst Quarter (as of December 31, 2019)	Year to Date (as of June 30, 2020)
Q4 2016 5.68%	Q4 2018 (6.34)%	(26.12)%

Average Annual Total Returns for the periods ended December 31, 2019

	One Year	Since Inception (4/2/2015)
Return Before Taxes	5.30%	3.08%
Return After Taxes on Distributions	5.30%	1.52%
Return After Taxes on Distributions and Sale of Fund Shares	3.14%	1.89%
ICE BofA Merrill Lynch 3-Month U.S. Treasury Bill Index (reflects no deduction for fees, expenses or taxes)	2.28%	1.13%

9. Will my dividend be affected by the Proposed Reorganization?

Each of Existing AVRPX and New AVRPX distributes substantially all of its net investment income to shareholders in the form of dividends. For each Fund, unless shareholders specify otherwise, dividends are reinvested in shares of the applicable Fund.

10. Who will manage New AVRPX?

New AVRPX will be managed by the same management team that currently manages Existing AVRPX. Both Funds are managed by the Adviser.

The management fee for New AVRPX will be 0.50% lower than the management fee currently paid by Existing AVRPX. Accordingly, the Adviser will receive a fee, computed daily and paid monthly in arrears, at the annual rate of 1.50% of the average daily net assets of New AVRPX. For Existing AVRPX, the Adviser has received a fee, computed daily and paid monthly in arrears, at the annual rate of 2.00% of the average daily net assets of Existing AVRPX.

Nathaniel Conrad and Li Song are the Portfolio Managers of Existing AVRPX and New AVRPX. Mr. Conrad and Mr. Song have been Portfolio Managers of Existing AVRPX since January 2020 and of New AVRPX since its inception. Each of the Portfolio Managers also is a portfolio manager of other registered investment companies.

Nathaniel Conrad. Nathaniel Conrad, Portfolio Manager of the Funds, is responsible for the day-to-day management of each Fund and its investments jointly with Mr. Song. Prior to joining Stone Ridge in 2016, Mr. Conrad worked at Goldman Sachs, where he began his career, as the senior trader in Interest Rates Electronic Trading. Mr. Conrad received his BSE in Computer Information Science from the University of Pennsylvania's Engineering School.

Li Song. Li Song, Portfolio Manager of the Funds, is responsible for the day-to-day management of each Fund and its investments jointly with Mr. Conrad. Prior to joining Stone Ridge in 2018, Mr. Song worked at Goldman Sachs as a senior strategist in Emerging Markets foreign exchange, interest rate, options and credit products. Mr. Song received his PhD, M.Phil., and M.A. in Statistics from Columbia University and his B.S. in Mathematics at the University of Science and Technology of China.

The Reorganization SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in New AVRPX and Existing AVRPX.

In addition, the Adviser has established an Investment Committee (the "Committee"), which oversees the investment policies and strategies of the Adviser and monitors risk within the funds advised by the Adviser, including the Funds.

The members of the Committee, and their professional background and experience, are as follows:

Daniel Fleder. Mr. Fleder joined Stone Ridge in 2016. Mr. Fleder is the Chair of the Committee and serves as Head of Risk at Stone Ridge. Mr. Fleder was previously Head of Markets and Head of Variance Risk Premium at Stone Ridge. Mr. Fleder received his PhD in Operations Research and MS in Statistics from the University of Pennsylvania (Wharton) and BSE in Engineering from the University of Pennsylvania (Engineering School).

Robert Gutmann. Mr. Gutmann is a co-founder of Stone Ridge. Mr. Gutmann has held a variety of leadership roles at Stone Ridge, including Head of Product Development and Execution and his current role as Head of Digital Asset Strategies. Mr. Gutmann received his B.A. in Mathematics and Music from Columbia University.

Ross Stevens. Mr. Stevens founded Stone Ridge in 2012, and serves as Chief Executive Officer. Mr. Stevens received his PhD in Finance and Statistics from the University of Chicago (Booth) and his BSE in Finance from the University of Pennsylvania (Wharton).

Yan Zhao. Ms. Zhao is a co-founder of Stone Ridge. Ms. Zhao has held a variety of leadership roles at Stone Ridge, including Head of Reinsurance and her current role as Head of Flourish. Ms. Zhao holds an MBA from Harvard Business School and a BA in Economics from Harvard University.

11. What are the federal income tax consequences of the Proposed Reorganization?

For federal income tax purposes, the reorganization of Existing AVRPX into New AVRPX will be a tax-free reorganization. Accordingly, no gain or loss will generally be recognized by Existing AVRPX or its shareholders as a result of the reorganization, and the tax basis of the Reorganization Shares received by each Existing AVRPX shareholder will be the same in the aggregate as the tax basis of the shareholder's Existing AVRPX shares. For more information about the federal income tax consequences of the reorganization, see "Information about the Proposed Reorganization — Federal Income Tax Consequences."

12. Do the procedures for purchasing and redeeming shares of the two Funds differ?

Yes. While each Fund may be purchased on any day that the NYSE opens for business, shareholders of New AVRPX will have significantly more flexibility with respect to redeeming their shares than shareholders of Existing AVRP Fund. New AVRPX is an open-end fund, which means that its shares may generally be redeemed on any day on which the NYSE opens for business.

In contrast, Existing AVRPX currently conducts a continuous offering of its shares, much like an open-end fund, and therefore as described above its shares may be purchased each regular business day. However, unlike open-end funds, closed-end interval funds such as Existing AVRPX do not provide daily redemptions. In order to provide some liquidity to shareholders, Existing AVRPX makes quarterly repurchase offers to its shareholders for between 5% and 25% of its outstanding common shares at NAV, pursuant to Rule 23c-3 under the 1940 Act and a fundamental policy of Existing AVRPX. Quarterly repurchase offers are made in the months of March, June, September and December, with repurchases occurring in the months of April, July, October and January. Existing AVRPX's common shares are not listed on any securities exchange and Existing AVRPX does not expect any secondary market to develop for its common shares. Holders of common shares are thus not able to have their shares redeemed or otherwise sell their shares on a daily basis.

13. Will I be able to have some of my shares of Existing AVRPX repurchased prior to Closing Date of the Proposed Reorganization?

No. There will not be a repurchase offer, as described in Existing AVRPX's prospectus, to the shareholders of Existing AVRPX prior to the Closing Date of the Proposed Reorganization, subject to any adjournment or postponement of the shareholders' meeting.

14. How will I be notified of the outcome of the vote?

If the Proposed Reorganization is approved by shareholders, you will receive confirmation after the reorganization is completed, indicating the number of Class I New AVRPX shares you are receiving. Otherwise, you will be notified in the next shareholder report of Existing AVRPX.

15. Will the number of shares I own change?

The number of shares you own may change, but the total value of the shares of New AVRPX you receive will equal the total value (based on net asset value) of the shares of Existing AVRPX that you hold at the time of the Proposed Reorganization. Even though the NAV per share of each Fund may be different, the total NAV of your holdings will not change as a result of the reorganization.

16. What shareholder vote is required to approve the Proposed Reorganization?

Approval of the reorganization proposal requires a "majority of the outstanding" shares of Existing AVRPX in accordance with the requirements under the 1940 Act, which means the affirmative vote of the lesser of (1) 67% or more of the outstanding voting securities of Existing AVRPX present at the Meeting if the holders of more than 50% of the outstanding voting securities of Existing AVRPX are represented at the Meeting in person or by proxy or (2) more than 50% of the outstanding voting securities of Existing AVRPX. A vote of shareholders of New AVRPX is not needed to approve the Proposed Reorganization.

17. Who do I call if I have questions?

Please call Okapi Partners LLC, our proxy solicitation firm, toll-free at 888-785-6707. Representatives are available Monday to Friday 9 a.m. to 7 p.m. Eastern Time.

B. PRINCIPAL RISK FACTORS

What are the principal risks of New AVRPX, and how do they compare with those of Existing AVRPX?

The principal risks of New AVRPX are substantially identical to those of Existing AVRPX. This is because the Funds have the same investment objective and substantially identical principal investment strategies.

However, there are some differences with respect to certain risks applicable generally to open-end investment companies. For example, New AVRPX's need to meet daily redemption requests might limit its investment flexibility relative to that of Existing AVRPX, which makes repurchase offers on a quarterly basis. As an open-end fund, to meet potential redemption requests, New AVRPX may need to retain cash reserves or invest in more liquid securities than it otherwise would, and may have to liquidate portfolio securities, in order to meet redemptions. As an open-end fund, New AVRPX may only invest up to 15% of its net assets at the time of purchase in illiquid securities, which could reduce its investment flexibility as compared to Existing AVRPX. An investment in New AVRPX is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

A description of the principal risks associated with New AVRPX's principal investment strategies, which are substantially identical to Existing AVRPX, is set forth below. Additional information regarding the risks associated with an investment in New AVRPX is also located in Appendix C — Characteristics and Risks of Securities and Investment Techniques. An investment in New AVRPX should be considered speculative and involving a high degree of risk, including the risk of a substantial loss of investment.

Derivatives Risk. New AVRPX invests in a variety of derivatives, including put and call options, futures contracts, options on futures contracts, forward contracts, swaps, swaptions and other exchange-traded and OTC derivatives contracts. 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. Derivatives are financial contracts the value of which depends on, or is derived from, the assets or other references underlying New AVRPX's investments (each, an "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 they are designed to track. Derivatives risk may be more significant when derivatives are used to enhance return or as a substitute for a cash investment option, rather than solely to hedge the risk of a position held by New AVRPX. New AVRPX's use of derivatives may not be effective or have the desired results.

Derivatives in which New AVRPX may invest may have embedded leverage (*i.e.*, a notional value in excess of the assets needed to establish and/or maintain the derivative position). As a result, adverse changes in the value or level of the Underlying Reference may result in a loss substantially greater than the amount invested in the derivative itself (see "Borrowing and Leverage Risk" below).

Specific risks involved in the use of certain types of derivatives in which New AVRPX may invest include options risk, call option risk, put option risk, options on futures risk, futures risk, forwards risk, swaps risk, swaptions risk, counterparty risk and margin risk (see "Appendix C — Characteristics and Risks of Securities and Investment Techniques — More Information on the Risks of Investing" below). For example, options writing can cause New AVRPX's share price to be highly volatile, and it may be subject to sudden and substantial losses.

Hedging with Derivatives Risks. The use of hedging strategies requires special skills and knowledge of investment techniques that are different than what is required for normal portfolio management. If the Adviser uses a hedging strategy at the wrong time or judges market conditions incorrectly, hedging strategies may reduce New AVRPX's return. New AVRPX could also experience losses if the prices of its futures and options positions were not correlated with its other investments. If New AVRPX has used derivatives to hedge or otherwise reduce New AVRPX's risk exposure to a particular position and then disposes of that position at a time at which it cannot also settle, terminate or close out the corresponding hedge position, this may create short investment exposure. Certain "short" derivative positions involve investment leverage, and the amount of New AVRPX's potential loss is theoretically unlimited.

Commodities Risk. The market price of the commodities instruments to which New AVRPX is exposed can be extremely volatile and may be adversely affected by changes in overall market movements, commodity index volatility, changes in interest rates, currency fluctuations, or factors affecting a particular industry or commodity, such as livestock disease, embargoes, tariffs and international economic, political and regulatory developments. No, or a limited, active trading market may exist for certain commodities investments, which may impair the ability to sell or to realize the full value of such investments in the event of the need to liquidate such investments. In addition, adverse market conditions may impair the liquidity of actively traded commodities investments. Therefore, New AVRPX's exposure to the commodities markets can cause the NAV of New AVRPX to decline or fluctuate in a rapid and unpredictable manner.

Management and Operational Risk. New AVRPX is subject to management risk because it relies on the Adviser's ability to achieve its investment objective. New AVRPX runs the risk that the Adviser's investment techniques will fail to produce desired results and cause New AVRPX 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 New AVRPX's performance.

New AVRPX 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.

Illiquidity Risk. New AVRPX may invest at the time of purchase up to 15% of its net assets in illiquid securities. Illiquidity risk is the risk that the investments held by New AVRPX may be difficult or impossible to sell at the time that New AVRPX would like without significantly changing the market value of the investment. Illiquid investments may also be difficult to value. A lack of liquidity may cause the value of investments to decline. The risks associated with illiquid instruments may be particularly acute in situations in which New AVRPX's operations require cash (such as in connection with redemptions) and could result in New AVRPX borrowing to meet its short-term needs or incurring losses on the sale of illiquid instruments.

Borrowing and Leverage Risk. New AVRPX may obtain financing to meet redemption requests, make investments (i.e., to make additional portfolio investments) and to address cash flow timing mismatches, and may obtain leverage through derivative instruments that afford New AVRPX economic leverage. Therefore, New AVRPX is subject to leverage risk. Leverage magnifies New AVRPX's exposure to declines in the value of one or more Underlying References or creates investment risk with respect to a larger pool of assets than New AVRPX would otherwise have and may be considered a speculative technique. The value of an investment in New AVRPX will be more volatile and other risks tend to be compounded if and to the extent that New AVRPX borrows or uses derivatives or other investments that have embedded leverage. Engaging in such transactions may cause New AVRPX to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements.

New AVRPX's borrowings, which would typically be in the form of loans from banks may be on a secured or unsecured basis and at fixed or variable rates of interest. Borrowing gives rise to interest expense and may require New AVRPX to pay other fees. Unless the rate of return, net of applicable Fund expenses, on New AVRPX's investments exceeds the costs to New AVRPX of the leverage it utilizes, the investment of New AVRPX's net assets attributable to leverage will generate less income than will be needed to pay the costs of the leverage to New AVRPX, resulting in a loss to New AVRPX, even if the rate of return on those assets is positive. New AVRPX's ability to obtain leverage through borrowings is dependent on its ability to establish and maintain an appropriate line of credit or other borrowing facility. Market conditions may unfavorably impact New AVRPX's ability to secure borrowings on favorable or commercially feasible terms.

Principal Risks of the Underlying References. New AVRPX is also subject to the principal risks of the asset classes noted below, whether through New AVRPX's (i) derivatives positions or other investments that provide exposure to the Underlying References, (ii) investments in ETFs, (iii) investments through its wholly-owned and controlled subsidiary (the "Subsidiary") organized in the Cayman Islands and advised by the Adviser or (iv) direct investments.

Equity Investing Risk. Equity investing risk is the risk that the value of equity instruments to which New AVRPX 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. Although equities have historically generated higher average returns than debt securities over the long term, equity securities also have experienced significantly more volatility in returns. Finally, the prices of equities are also sensitive to rising interest rates, as the costs of capital rise and borrowing costs increase.

Debt Investing Risk. The values of debt securities (and other income-producing securities, such as preferred securities and convertible securities) to which New AVRPX is exposed 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 (such as zero-coupon securities). Debt securities with floating interest rates can be less sensitive to interest rate changes, although, to the extent New AVRPX's income is based on short-term interest rates that fluctuate over short periods of time, income received by New AVRPX 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, and New AVRPX may lose money as a result. 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 difficult to value during such periods. Over the past decade, governmental financial regulators, including the U.S. Federal Reserve, have taken steps to maintain historically low interest rates by purchasing bonds. To the extent the U.S. Federal Reserve raises interest rates in the future, there is a risk that rates across the financial system may rise, which could have an adverse effect on prices for debt securities and on the management of New AVRPX.

Credit Risk. The value of a debt security depends on the issuer's credit quality or ability to pay principal and interest when due. 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.

Below-Investment-Grade Securities and Unrated Securities Risk. New AVRPX 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. Below-investment-grade debt securities, which are commonly called "junk bonds," are rated below BBB- by S&P Global Ratings ("S&P") or Baa3 by Moody's Investors Service, Inc., ("Moody's"), or have comparable ratings by another rating organization. Accordingly, certain of New AVRPX'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 being subject to greater levels of risk related to changes in interest rates (in the case of debt securities), credit risk (including a greater risk of default) and illiquidity risk. The ability of the issuer 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. New AVRPX may also have exposure without limit in investments that are unrated and judged by the Adviser to be of below-investment-grade 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 and may, therefore, cause New AVRPX's value to be more volatile.

Currency Risk. The value of currencies to which New AVRPX is exposed can be volatile and fluctuate as a result of changes in overall market movements, real or perceived inflationary trends, stock market volatility, changes in interest rates, population growth and changing demographics, or factors affecting a particular country or region, such as international market, economic, industry, political and regulatory developments. Liquidity may be limited for certain currency derivatives, which may impair the ability to buy or sell such derivatives. In addition, adverse market conditions may cause liquidity to decrease. New AVRPX's exposure to currency markets can cause the NAV of New AVRPX to decline or fluctuate.

Subsidiary Risk. By investing through its Subsidiary, New AVRPX is exposed to the risks associated with the Subsidiary's investments. The commodity-linked investments that may be held by the Subsidiary are generally similar to those that are permitted to be held by New AVRPX and are subject to the same risks that apply to similar investments if held directly by New AVRPX. The Subsidiary is not registered as an investment company under the 1940 Act and is not subject to all of the investor protections of the 1940 Act, although the Subsidiary is managed pursuant to the compliance policies and procedures of New AVRPX applicable to it. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of New AVRPX and/or the Subsidiary to operate as described in this prospectus and could adversely affect New AVRPX.

Market Risk. The value of New AVRPX's investments may decline, sometimes rapidly or unpredictably, due to general economic conditions that are not specifically related to a particular issuer, 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 New AVRPX's investments also may decline because of factors that affect a particular industry or industries.

Volatility Risk. New AVRPX's investment in volatility-linked derivative instruments is subject to the risk that the market value of a security or index will increase or decrease, sometimes rapidly and unpredictably, based upon changes in an issuer's financial condition and/or overall market and economic conditions. The effect of changes in volatility on New AVRPX is subject to the Adviser's ability to forecast volatility in an accurate and timely manner, which may depend on particular market conditions and other factors that are beyond the control of the Adviser. The Adviser's volatility forecasts may be incorrect, and the volatility-linked derivative contracts entered into by New AVRPX based on the Adviser's volatility forecasts may not achieve the intended effect.

Portfolio Volatility Risk. The Adviser typically seeks to allocate New AVRPX's assets so that there is a total amount of overall portfolio risk exposure estimated to be consistent with an annual portfolio volatility of approximately 10% on average over a long period of time. However, there can be no assurance that the Adviser's efforts to target 10% annual portfolio volatility will be successful, and average annual portfolio volatility over any particular time period may be greater or less than this target. The Adviser will not actively adjust the portfolio in response to short term deviations in the portfolio's trailing realized volatility from its long-run target. If average annual portfolio volatility exceeds the target over any particular time period, New AVRPX could experience greater losses than it otherwise would on any assets for which the variance risk premium is negative during such period. Conversely, if average annual portfolio volatility is less than the target over any particular time period, New AVRPX could experience smaller gains than it otherwise would on any assets for which the variance risk premium is positive during such period.

Short Sale Risk. Short sales are transactions in which New AVRPX sells 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. New AVRPX 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 New AVRPX must replace the borrowed asset or otherwise close out the transaction and such loss may exceed the initial investment. Entering into short sales where New AVRPX does not own the underlying asset creates a form of investment leverage, which can magnify New AVRPX's exposure to changes in the value of the asset. Because New AVRPX may enter into short sales with respect to assets that it does not already own, the loss to New AVRPX from a short sale is theoretically unlimited, as the potential increase in the market price of the asset is unlimited.

Tax Risk. New AVRPX intends to qualify for treatment as a regulated investment company ("RIC") under Subchapter M of Chapter 1 of the Code. In order to qualify for such treatment, New AVRPX 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. New AVRPX's investment strategy will potentially be limited by its intention to qualify for treatment as a RIC. The tax treatment of certain of New AVRPX'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 or a change in law might affect New AVRPX's ability to qualify for such treatment.

If, in any year, New AVRPX were to fail to qualify for treatment as a RIC under the Code for any reason, and were not able to cure such failure, New AVRPX 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.

Due to New AVRPX's options strategies, a substantial portion of New AVRPX's income potentially will consist of short-term capital gains. Distributions of New AVRPX's short-term capital gains are taxable to shareholders as ordinary income, will not constitute qualified dividend income and will not qualify for the dividends-received deduction. In addition, shareholders will not be able to offset distributions of New AVRPX's net short-term capital gains with capital losses that they recognize in respect of their other investments.

Foreign Investing Risk. Investments in securities of foreign issuers involve risks not ordinarily associated with exposure to securities and instruments of U.S. issuers. For example, foreign companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Foreign securities exchanges, brokers and companies may be subject to less government supervision and regulation than exists in the U.S. New AVRPX's exposure to foreign securities may be subject to withholding and other foreign taxes, which may adversely affect the net return on such investments. Fluctuations in foreign currency exchange rates and exchange controls may adversely affect the market value of New AVRPX's indirect and direct investments in foreign securities (see "Currency Risk" above). New AVRPX may not be able to pass through to its shareholders foreign income tax credits in respect of a portion of or all foreign income taxes it pays. There may be difficulty in obtaining or enforcing a court judgment abroad. The willingness and ability of foreign governmental entities to pay principal and interest on government securities depends on various economic factors, including the issuer's balance of payments, overall debt level and cash-flow considerations related to the availability of tax or other revenues to satisfy the issuer's obligations. If a foreign governmental entity defaults on its obligations on the securities, the holder of such securities may have limited recourse available to it. The laws of some foreign countries may limit New AVRPX's ability to gain exposure to securities of certain issuers located in those countries. In addition, it may be difficult to effect repatriation of capital invested in certain countries. In addition, with respect to certain countries, there are risks of expropriation, confiscatory taxation, political or social instability or diplomatic developments that could affect New AVRPX's assets held in foreign countries.

Emerging Markets Risk. Obtaining exposure to emerging market securities and currencies entails all of the risks associated with foreign (non-U.S.) investments (see "Foreign Investing Risk"), but to a heightened degree. Compared to foreign developed markets, exposure to emerging markets may involve heightened volatility, greater political, regulatory, legal and economic uncertainties, less liquidity, dependence on particular commodities or international aid, high levels of inflation, greater custody risk and certain special risks associated with smaller companies.

Government Securities Risk. New AVRPX may invest in securities issued or guaranteed by the U.S. government (including U.S. Treasury obligations which differ in their interest rates, maturities and times of issuance) or its agencies and instrumentalities (such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac)). U.S. government securities are subject to market risk, risks related to changes in interest rates and credit risk. Securities, such as those issued or guaranteed by Ginnie Mae or the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity and the market prices for such securities will fluctuate. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of interest or principal. This would result in losses to New AVRPX. Securities issued or guaranteed by U.S. government related organizations, such as Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. government and no assurance can be given that the

U.S. government would provide financial support. Therefore, U.S. government-related organizations may not have the funds to meet their payment obligations in the future. As a result of their high credit quality and market liquidity, U.S. Government securities generally provide a lower current return than obligations of other issuers.

Smaller Company Risk. New AVRPX may invest in small companies that are considered "mid-cap," "small-cap" or "micro-cap" companies. Securities of smaller companies are often less liquid than those of larger companies. This could make it difficult to sell a smaller company security at a desired time or price. In general, smaller companies are also more vulnerable than larger companies to adverse business or economic developments, and they may have more limited resources. As a result, prices of smaller company securities may fluctuate more than those of larger companies. Historically, securities of smaller companies have been more volatile in price than securities of larger companies.

Preferred Securities Risk. 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 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.

Focused Investment Risk. To the extent that New AVRPX focuses its exposures in asset classes, sectors, industries, countries, regions, companies or issuers that are subject to the same or similar risks, New AVRPX will be subject to greater overall risk than if New AVRPX's exposures were less focused.

Portfolio Turnover. A change in the securities held by New AVRPX is known as "portfolio turnover." New AVRPX engages in active and frequent trading to try to achieve its investment objective. If New AVRPX 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 New AVRPX's performance. Portfolio turnover will not be a limiting factor should the Adviser deem it advisable to purchase or sell securities.

Expense Risk. Your actual costs of investing in New AVRPX may be higher than the expenses shown in "Annual Fund Operating Expenses" for a variety of reasons. New AVRPX's expense limitation agreement, which generally remains in effect for a period of one year, mitigates this risk. However, there is no assurance that the Adviser will renew such expense limitation agreement from year-to-year.

C. INFORMATION ABOUT THE PROPOSED REORGANIZATION

1. Summary of the Terms of the Reorganization of Existing AVRPX into New AVRPX.

The shareholders of Existing AVRPX are being asked to approve a Proposed Reorganization between Existing AVRPX and New AVRPX pursuant to an Agreement and Plan of Reorganization (the "Agreement"). The following is a brief summary of the principal terms of the Agreement and Plan of Reorganization and is qualified in its entirety by the Form of Agreement and Plan of Reorganization attached to this Prospectus/Proxy Statement as Appendix A. For a more complete understanding of the Agreement and Plan of Reorganization, you should read Appendix A.

Although the term "reorganization" is used in this Prospectus/Proxy Statement for ease of reference, the Agreement provides, among other things, for the transfer of all of the assets of Existing AVRPX to New AVRPX in exchange for the assumption by New AVRPX of all of the liabilities of Existing AVRPX and the issuance to Existing AVRPX of the Reorganization Shares. The exchange, which will be effected on the basis of the relative net asset values of the two Funds, will be followed immediately by the distribution of the full and fractional Reorganization Shares received by Existing AVRPX to its shareholders in exchange for Existing AVRPX shares held by its shareholders, in complete liquidation of Existing AVRPX, with a net asset value equal to the aggregate net asset value of Existing AVRPX shares held by shareholders on the date of the Agreement, as soon as practicable following the liquidation. The legal existence of Existing AVRPX will be terminated as soon as practicable following the liquidation of Existing AVRPX.

The Proposed Reorganization is expected to close on or about December 4, 2020 and is subject to a number of conditions.

The Board of Trustees of Stone Ridge Trust III, which is also the Board of Trustees of Stone Ridge Trust, has voted unanimously to approve the Proposed Reorganization. The Board of Stone Ridge Trust III recommends that shareholders of Existing AVRPX also approve the Proposed Reorganization. The actions contemplated by the Agreement and the related matters described therein will be consummated only if approved by the affirmative vote of the majority of the outstanding voting securities of Existing AVRPX.

In the event that the Proposed Reorganization does not receive the required shareholder approval, Existing AVRPX will continue to be managed as a separate fund in accordance with its current investment objectives and policies, and the Board may consider such alternatives as may be in the best interests of Existing AVRPX's shareholders.

2. Description of Reorganization Shares.

Reorganization Shares will be issued to Existing AVRPX's shareholders in accordance with the Agreement. The Reorganization Shares are Class I shares of New AVRPX. Class I shares will not be subject to a sales charge, exchange fee or redemption fee, and will not be subject to any sales commissions, Rule 12b-1 fees or other direct distribution charges to New AVRPX or its shareholders. There are no material differences between the voting rights of the shareholders of New AVRPX and those of the shareholders of Existing AVRPX.

3. Board's Considerations Relating to the Proposed Reorganization.

The same Board of Trustees oversees both Funds. The Board has carefully considered the anticipated benefits and costs of the Proposed Reorganization from the perspective of each Fund. In connection with Existing AVRPX Board's consideration of the Proposed Reorganization, the Board requested, and the Adviser provided, information regarding the Proposed Reorganization, including the anticipated effect of the Proposed Reorganization on Existing AVRPX's shareholders. In considering the Proposed Reorganization and the Agreement, the Board reviewed detailed comparative information about Existing AVRPX and New AVRPX including, among other items: (i) their respective investment objectives, strategies, policies and restrictions; (ii) Existing AVRPX's individual holdings and the compatibility of such holdings in an open-end fund structure; (iii) Existing AVRPX's investment performance history; and (iv) a comparison of Existing AVRPX's and New AVRPX's fees and expenses, including their respective expense ratios. In addition, the Board considered information about the current size and scale of Existing AVRPX and its prospects for growth. The

Board considered numerous factors, including, but not limited to, those described below, in connection with its consideration and approval of the Proposed Reorganization.

At the meeting, the Independent Trustees met with representatives of the Adviser regarding the details of the Proposed Reorganization and met separately with their independent legal counsel regarding their duties in approving the Proposed Reorganization under federal and state laws. In its deliberations, the Board took into account information provided to it by the Adviser and the recommendations of the Independent Trustees.

Based upon its review, the Board, including all of the Independent Trustees, determined that the Proposed Reorganization of Existing AVRPX into New AVRPX would be in the best interests of both Funds and that the interests of Existing AVRPX's shareholders would not be diluted as a result of the Proposed Reorganization. The Board unanimously approved the Proposed Reorganization in respect of each of the Funds and recommended its approval by shareholders of Existing AVRPX. In reaching these conclusions, no single factor was determinative to the Board's analysis and the individual members of the Board may have given different weight to different factors, including:

- The Funds' identical investment objectives, substantially identical principal investment strategies and risks and, except for Existing AVRPX's fundamental investment restrictions regarding its status as an interval fund, substantially similar fundamental investment restrictions.
- The fact that the Funds' are managed by the same Adviser and the same team of investment professionals.
- Information provided by the Adviser that New AVRPX's expense ratio is expected to be lower than Existing AVRPX's expense ratio, due to New AVRPX having a lower management fee (1.50% vs. 2.00% for Existing AVRPX) and the fact that Class I shares of New AVRPX (which currently will be the only class of New AVRPX available) will not pay any distribution and/or service fees.
- That New AVRPX offers shareholders increased liquidity. The Board considered that, following their receipt of the Reorganization Shares, shareholders will be able to sell shares of New AVRPX on any day that the New York Stock Exchange opens for business, at the shares' net asset value next determined in accordance with New AVRPX's prospectus.
- The performance of Existing AVRPX. In its review of performance, the Board considered whether Existing AVRPX had been able to exploit any significant investment advantages as a direct result of its closed-end status. Because closed-end funds do not issue shares subject to daily redemptions, they do not experience the cash flows and associated costs that can affect open-end funds, which affords closed-end funds an opportunity to remain more fully invested in less liquid securities. Furthermore, closed-end funds have greater flexibility than open-end funds do with respect to the use of leverage for investment purposes. All of these characteristics typically allow closed-end funds to outperform similarly managed open-end funds, when measured at net asset value. However, Existing AVRPX currently invests primarily in liquid securities and has not employed leverage for investment purposes. As a result, the Board did not identify significant investment advantages to Existing AVRPX stemming from its closed-end status.
- That shareholders in New AVRPX may benefit from potential long-term economies of scale, including increased distribution capabilities. Existing AVRPX, as a closed-end interval fund, is an unfamiliar investment vehicle for many investors. Therefore, even though Existing AVRPX made a continuous offering of its shares, New AVRPX, as a more familiar open-end mutual fund, may have greater opportunities for growth of assets. However, although unlikely, the Proposed Reorganization could result in immediate, substantial redemptions and hence a marked reduction in the size of New AVRPX. Such reduction in the size of New AVRPX could result in an increase in each shareholder's per share costs and expenses of New AVRPX. It is not possible to know whether New AVRPX will experience net redemptions or net purchases, or over what time period either would occur.
- That Existing AVRPX will bear the costs of the Proposed Reorganization, including proxy solicitation costs, accounting fees and legal fees, regardless whether the Proposed Reorganization is consummated, and that New AVRPX's lower expense ratio as compared with that of Existing AVRPX is expected to offset the costs of the Proposed Reorganization over time.

- That New AVRPX will be subject to the higher liquidity requirements that are imposed on open-end mutual funds pursuant to Rule 22e-4 under the 1940 Act.
- Statements by the Adviser that it does not expect Existing AVRPX to incur significant transaction-related expenses in connection with the Proposed Reorganization.

The Board also considered the tax effects of the Proposed Reorganization. For federal income tax purposes, no gain or loss is generally expected to be recognized by Existing AVRPX or its shareholders as a result of the Proposed Reorganization. Certain other tax consequences are discussed below under "Information about the Proposed Reorganization — Federal Income Tax Consequences."

This discussion of the information and factors that the Board considered in making its decision is not intended to be exhaustive, but includes the material factors considered.

4. Expenses of the Reorganization.

Pursuant to the Agreement, the one-time fees and expenses incurred in connection with the consummation of the transactions contemplated by the Agreement are estimated to be approximately $238,877 (the "Reorganization Costs"). These fees and expenses include legal and auditor fees, proxy statement printing, preparation and mailing costs, and other costs. The Reorganization Costs shall be allocated to Existing AVRPX. Stone Ridge anticipates that there will be no portfolio turnover or costs associated with portfolio repositioning in connection with the Reorganization.

5. Federal Income Tax Consequences.

As a condition to each fund's obligation to consummate the transactions contemplated by the Agreement, Existing AVRPX will receive an opinion from Ropes & Gray LLP, counsel to Existing AVRPX and Stone Ridge Trust, to the effect that, on the basis of the existing provisions of the Code, current administrative rules, and court decisions, for federal income tax purposes:

(i) the reorganization will constitute a reorganization within the meaning of Section 368(a) of the Code, and New AVRPX and Existing AVRPX will each be a "party to a reorganization" within the meaning of Section 368(b) of the Code;

(ii) under Section 361 of the Code, no gain or loss will be recognized by Existing AVRPX upon the transfer of its assets to New AVRPX in exchange for the Reorganization Shares and the assumption by New AVRPX of all of Existing AVRPX's liabilities, or upon the distribution of the Reorganization Shares by Existing AVRPX to its shareholders in liquidation, except for (A) any gain or loss recognized on (1) "section 1256 contracts" as defined in Section 1256(b) of the Code or (2) stock in a "passive foreign investment company" as defined in Section 1297(a) of the Code, and (B) any other gain or loss that may be required to be recognized (1) as a result of the closing (if any) of the tax year of Existing AVRPX, (2) upon the termination of a position, or (3) upon the transfer of such asset regardless of whether such a transfer would otherwise be a nontaxable transaction under the Code;

(iii) under Section 354 of the Code, no gain or loss will be recognized by the shareholders of Existing AVRPX on the distribution of the Reorganization Shares to them in exchange for their shares of Existing AVRPX;

(iv) under Section 358 of the Code, the aggregate tax basis of the Reorganization Shares that Existing AVRPX shareholders receive in exchange for their Existing AVRPX shares will be the same as the aggregate tax basis of Existing AVRPX shares exchanged;

(v) under Section 1223(1) of the Code, an Existing AVRPX shareholder's holding period for the Reorganization Shares received pursuant to the Agreement will be determined by including the holding period for Existing AVRPX shares exchanged for the Reorganization Shares, provided that the shareholder held Existing AVRPX shares as a capital asset;

(vi) under Section 1032 of the Code, no gain or loss will be recognized by New AVRPX upon receipt of the assets transferred to New AVRPX pursuant to the Agreement in exchange for the Reorganization Shares and the assumption by New AVRPX of the liabilities of Existing AVRPX;

(vii) under Section 362(b) of the Code, New AVRPX's tax basis in the assets that New AVRPX receives from Existing AVRPX will be the same as Existing AVRPX's tax basis in such assets immediately prior to such exchange, adjusted for any gain or loss required to be recognized as described in (ii) above;

(viii) under Section 1223(2) of the Code, New AVRPX's holding periods in such assets, other than any asset with respect to which gain or loss is required to be recognized as described in (ii) above, will include Existing AVRPX's holding periods in such assets; and

(ix) under Section 381 of the Code, New AVRPX will succeed to and take into account the items of Existing AVRPX described in Section 381(c) of the Code, subject to the conditions and limitations specified in Sections 381, 382, 383, and 384 of the Code and the regulations under the Code.

The opinion will be based on certain factual certifications made by officers of Existing AVRPX and Stone Ridge Trust and will also be based on customary assumptions.

The opinion is not a guarantee that the tax consequences of the Proposed Reorganization would be as described above. The opinion may note and distinguish certain published precedent. There is no assurance that the Internal Revenue Service would agree with the opinion.

New AVRPX will file the tax opinion with the SEC shortly after the completion of the Proposed Reorganization. This description of the federal income tax consequences of the Proposed Reorganization is made without regard to the particular facts and circumstances of any shareholder. Shareholders are urged to consult their own tax advisors as to the specific consequences to them of the Proposed Reorganization, including the applicability and effect of state, local and other tax laws.

6. Differences between the rights of Existing AVRPX shareholders and New AVRPX shareholders.

The differences between the rights of shareholders of Existing AVRPX and those of New AVRPX relate primarily to the characteristics of the funds as closed-end and open-end investment companies.

Existing AVRPX is registered as a "closed-end" investment company under the 1940 Act. Unlike open-end funds, closed-end interval funds like Existing AVRPX do not provide daily redemptions. However, Existing AVRPX conducts a continuous offering of its shares (much like an open-end fund). Existing AVRPX shares are sold at the current net asset value per share. Existing AVRPX's shares are not listed on a securities exchange and are not publicly traded, such that there is no secondary market for the shares. However, Existing AVRPX is an "interval fund" and provides some liquidity to shareholders by making periodic repurchase offers for a portion of the outstanding shares.

New AVRPX is registered as an "open-end" investment company under the 1940 Act. Open-end investment companies are commonly referred to as "mutual funds" and generally issue redeemable securities on an ongoing basis. New AVRPX is engaged in a continuous offering of its shares of beneficial interest. New AVRPX Class I shares are sold at the current NAV per share. Shareholders of New AVRPX may redeem their shares at any time and receive in return the NAV of those shares next determined after such redemption.

For more information regarding the differences between the rights of Existing AVRPX shareholders and New AVRPX shareholders, a comparison of the Declaration of Trust and Bylaws for Stone Ridge Trust III, of which Existing AVRPX is a series, and Stone Ridge Trust, of which New AVRPX is a series, is located in Appendix F — Comparison of Organizational Documents.

7. Existing and Pro Forma Capitalization.

The following table shows on an unaudited basis the capitalization of the funds as of April 30, 2020, and on a pro forma combined basis, giving effect to the Proposed Reorganization as of that date:

	Existing AVRPX (common shares)	New AVRPX (Class I shares)	Pro forma adjustment	New AVRPX (Class I shares) pro forma combined*
Net assets	$350,168,559	—	$(238,877)[(1)]	$349,929,682
Net asset value per share	$ 6.74	—	—	$ 6.73
Shares outstanding	51,971,124	—	—	51,971,124

(1) Pursuant to the Agreement, the one-time fees and expenses incurred in connection with the consummation of the transactions contemplated by the Agreement are estimated to be approximately $238,877 (the "Reorganization Costs"). These fees and expenses include legal and auditor fees, proxy statement printing, preparation and mailing costs, and other costs. The Reorganization Costs shall be allocated to Existing AVRPX. Stone Ridge anticipates that there will be no portfolio turnover or costs associated with portfolio repositioning in connection with the Reorganization.

* Assumes the reorganization was consummated on April 30, 2020 and is for information purposes only.

D. INFORMATION ABOUT EXISTING AVRPX AND NEW AVRPX.

Additional information applicable to Existing AVRPX has been incorporated by reference to Existing AVRPX's prospectus and statement of additional information, dated March 1, 2020, each as supplemented from time to time. Existing AVRPX's current prospectus and statement of additional information are available at https://www.sec.gov/Archives/edgar/data/1629071/000119312520056148/d864538d486bpos.htm

Additional information applicable to New AVRPX is located in Appendix B — Investment Objectives, Principal Investment Strategies, and Principal Investments of New AVRPX and Related Principal Risks, Appendix C — Characteristics and Risks of Securities and Investment Techniques and Appendix E — Information Applicable to New AVRPX. Additional information applicable to New AVRPX can also be found in the Reorganization SAI, dated October 20, 2020.

E. VOTING INFORMATION

Required Vote for the Proposal.

Approval of the reorganization proposal requires the approval of the holders of a majority of the outstanding voting securities of Existing AVRPX in accordance with the requirements under the 1940 Act, which means the affirmative vote of the lesser of (1) 67% or more of the outstanding voting securities of Existing AVRPX present at the Meeting if the holders of more than 50% of the outstanding voting securities of Existing AVRPX are represented at the Meeting in person or by proxy or (2) more than 50% of the outstanding voting securities of Existing AVRPX. A vote of shareholders of New AVRPX is not needed to approve the Reorganization.

Record Date; Quorum, Adjournments, Postponements and Methods of Tabulation.

Shareholders of record of Existing AVRPX at the close of business on October 15, 2020 (the "Record Date") will be entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof. A quorum for Existing AVRPX at the Meeting will consist of the presence in person or by proxy of thirty-three and one-third percent (33⅓%) of the total shares of Existing AVRPX entitled to vote at the Meeting. In the event that a quorum is not present at the Meeting or, even if a quorum is present, in the event that sufficient votes in favor of the proposal set forth in the notice of the Meeting (the "Proposal") are not received by the time scheduled for the Meeting or if, in the judgment of the chairman of the meeting or of a majority of the shareholders present in person or by proxy, it is advisable to defer action on the Proposal, then the chairman or such majority may adjourn or postpone the Meeting to a later date or time, with no other notice than announcement at the Meeting, to permit further solicitation of proxies with respect to the Proposal or to defer action on the Proposal. The persons named as proxies will vote in favor of such adjournment or postponement those proxies which they are entitled to vote in favor of the Proposal. They will vote against any such adjournment or postponement those proxies required to be voted against the Proposal. The costs of the solicitation of proxies and of any adjourned or postponed session will be borne by Existing AVRPX. Any proposals properly before the Meeting for which sufficient favorable votes have been received by the time of the Meeting will be acted upon and such action will be final regardless of whether the Meeting is adjourned or postponed to permit additional solicitation with respect to any other proposal.

Votes cast by proxy or in person at the Meeting will be counted by persons appointed by Existing AVRPX as tellers (the "Tellers") for the Meeting. For purposes of determining the presence of a quorum for Existing AVRPX, the Tellers will count the total number of votes cast "for" or "against" approval of the Proposal, as well as Shares represented by proxies that reflect abstentions or "broker non-votes" (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or the persons entitled to vote and the broker or nominee does not have the discretionary voting power on a particular matter). Abstentions and broker non-votes will have the effect of a negative vote on the Proposal.

The table below shows the number of issued and outstanding voting shares of Existing AVRPX as of the Record Date.

Existing AVRPX	Number of Shares Outstanding and Entitled to Vote
Common shares	35,499,471.303

A principal shareholder is any person who owns of record or is known by Existing AVRPX to own of record or beneficially 5% or more of any class of Existing AVRPX's outstanding equity securities. A control person is one who owns beneficially, either directly or through controlled companies, more than 25% of the voting securities of Existing AVRPX or acknowledges the existence of control. A controlling person possesses the ability to control the outcome of matters submitted for shareholder vote by Existing AVRPX.

As of the Record Date, to the best of the knowledge of Existing AVRPX, (i) no person was a control person of Existing AVRPX, and (ii) the following persons owned of record or beneficially 5% or more of the outstanding shares of Existing AVRPX:

Name and Address	% Ownership	Type of Ownership
Charles Schwab & Co 211 Main Street San Francisco, CA 94105-1905	36.29%	Record
National Financial Services LLC 499 Washington Boulevard, 4th Floor Jersey City, NJ 07310-1995	30.27%	Record
Stone Ridge Holdings Group LP 510 Madison Ave, 21st Floor New York, NY 10022-5730	17.13%	Record

Stone Ridge Holdings Group LP, the managing member of the Adviser, intends to vote its shares in favor of the Proposed Reorganization.

As of the Record Date, to the best of the knowledge of Existing AVRPX, the officers and trustees of Existing AVRPX as a group beneficially owned 17.24% of the outstanding shares of Existing AVRPX.

No shares of New AVRPX are issued and outstanding as of the date of this Prospectus/Proxy statement.

Revocability of Proxies

Any proxy may be revoked at any time prior to its use by written notification received by Existing AVRPX's Secretary, by the execution and delivery of a later-dated proxy, or by attending the Meeting and voting in person. Shareholders whose shares are held in "street name" through their broker will need to obtain a legal proxy from their broker and present it at the Meeting in order to vote in person. Any letter of revocation or later-dated proxy must be received by Existing AVRPX prior to the Meeting and must indicate your name and account number to be effective. Proxies voted by telephone, Internet or email may be revoked at any time before they are voted at the Meeting in the same manner that proxies voted by mail may be revoked.

Other Matters

Existing AVRPX is not aware of any other matters that are expected to arise at the Meeting. If any other matter should arise, however, the persons named in properly executed proxies have discretionary authority to vote such proxies as they shall decide.

APPENDIX A

FORM OF AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization (the "Agreement") is made as of [ ], 2020 by and among Stone Ridge All Asset Variance Risk Premium Fund (the "Acquired Fund"), a series of Stone Ridge Trust III, a closed-end management investment company organized as a Delaware statutory trust ("Trust III") and Stone Ridge All Asset Variance Risk Premium Fund (the "Acquiring Fund" and, together with the Acquired Fund, the "Funds"), a series of Stone Ridge Trust, an open-end series management investment company organized as a Delaware statutory Trust (the "Trust").

PLAN OF REORGANIZATION

(a) The Acquired Fund shall sell, assign, convey, transfer and deliver to the Acquiring Fund on the Exchange Date (as defined in Section 4(a)) all of its properties and assets, subject to liabilities. In consideration therefor, the Acquiring Fund shall, on the Exchange Date, assume all of the liabilities of the Acquired Fund existing as of the Valuation Time (as defined in Section 4(b)) and deliver to the Acquired Fund a number of full and fractional Class I shares of beneficial interest of the Acquiring Fund (the "Reorganization Shares") having an aggregate net asset value equal to the value of the properties and assets of the Acquired Fund attributable to common shares of the Acquired Fund on such date less the value of the liabilities of the Acquired Fund attributable to common shares of the Acquired Fund on such date.

(b) Upon consummation of the transactions described in paragraph (a) above, the Acquired Fund shall distribute to its common shareholders of record as of the Exchange Date, the full and fractional Reorganization Shares (as described in paragraph (a) above) in complete liquidation of the Acquired Fund; each shareholder being entitled to receive that proportion of such Reorganization Shares which the number of common shares of beneficial interest of the Acquired Fund held by such shareholder bears to the total number of common shares of the Acquired Fund outstanding on such date. Certificates representing the Reorganization Shares will not be issued. All issued and outstanding shares of the Acquired Fund and all Acquired Fund shares held in treasury, if any, will simultaneously be cancelled on the books of the Acquired Fund. As soon as practicable following the liquidation of the Acquired Fund as aforesaid, the Acquired Fund shall be dissolved pursuant to the provisions of the Trust III Agreement and Declaration of Trust and applicable law, and its legal existence terminated. Any reporting responsibility of the Acquired Fund is and shall remain the responsibility of the Acquired Fund up to and including the Exchange Date and, if applicable, such later date on which the Acquired Fund is dissolved.

(c) It is intended that the reorganization described in this Agreement will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), this Agreement is adopted as a plan of reorganization within the meaning of Section 368(a) of the Code, and the Acquiring Fund and the Acquired Fund each will be a "party to a reorganization" within the meaning of Section 368(b) of the Code.

AGREEMENT

The Acquiring Fund and Acquired Fund therefore agree as follows:

1. *Representations, Warranties and Agreements of the Acquiring Fund*. The Acquiring Fund represents and warrants to and agrees with the Acquired Fund that:

a. The Acquiring Fund is a duly established and designated series of the Trust and has power to own all of its properties and assets and to carry out its obligations under this Agreement. The Trust is duly qualified in every jurisdiction where the conduct of its business requires such qualification, except to the extent that failure to so qualify would not have a material adverse effect on the Trust or the Acquiring Fund. Each of the Trust and the Acquiring Fund has all necessary federal, state and local authorizations to own all of its properties and assets, to carry on its business as an investment company and to carry out its obligations under this Agreement.

b. The Trust is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company, and such registration has not been revoked or rescinded and is in full force and effect.

c. The prospectus and statement of additional information of the Trust, each as in effect as of the date hereof, and each as from time to time amended or supplemented (collectively, the "Acquiring Fund Prospectus"), previously furnished to the Acquired Fund, did not contain as of its date and does not contain as of the date hereof, with respect to the Acquiring Fund or with respect to the Trust as it pertains to the Acquiring Fund, any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

d. There are no material legal, administrative or other proceedings pending or, to the knowledge of the Trust or the Acquiring Fund, threatened against the Trust (with respect to the Acquiring Fund), which assert liability on the part of the Trust (with respect to the Acquiring Fund). The Acquiring Fund knows of no facts which might form the basis for the institution of such proceedings and is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body which materially and adversely affects its business or its ability to consummate the transactions herein contemplated.

e. The Acquiring Fund has no known liabilities of a material nature, contingent or otherwise.

f. No consent, approval, authorization or order of any court or governmental authority is required for the consummation by the Acquiring Fund of the transactions contemplated by this Agreement, except such as may be required under the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended (the "1934 Act"), the 1940 Act or state securities or blue sky laws (which term as used herein shall include the laws of the District of Columbia and of Puerto Rico).

g. There are no material contracts outstanding to which the Acquiring Fund is a party, other than as are or will be disclosed in the registration statement on Form N-1A of the Trust with respect to the Acquiring Fund (of which the Acquiring Fund Prospectus is a part) or the Acquired Fund Proxy Statement (as defined in Section 1(m)).

h. The Acquiring Fund has no shares of beneficial interest issued and outstanding.

i. The Acquiring Fund has not yet filed its first federal income tax return. At the completion of its first taxable year, the Acquiring Fund will file its federal income tax return and elect to be a "regulated investment company" and until such time will take all steps necessary to ensure that it qualifies for taxation as a "regulated investment company" under Sections 851 and 852 of the Code.

j. The issuance of the Reorganization Shares pursuant to this Agreement will be in compliance with all applicable federal and state securities laws.

k. The Reorganization Shares to be issued to the Acquired Fund have been duly authorized and, when issued and delivered pursuant to this Agreement, will be legally and validly issued, fully paid and non-assessable by the Trust or the Acquiring Fund, and no shareholder of the Trust or Acquiring Fund will have any preemptive right of subscription or purchase in respect thereof.

l. All shares of the Acquiring Fund issued and outstanding as of the Exchange Date will be duly and validly issued and outstanding, fully paid and non-assessable by the Trust or the Acquiring Fund. The Acquiring Fund does not have outstanding any options, warrants or other rights to subscribe for or purchase any of the Acquiring Fund's shares, nor is there outstanding any security convertible into any of the Acquiring Fund's shares.

m. The registration statement (the "Form N-14 Registration Statement") filed with the Securities and Exchange Commission (the "Commission") by the Trust on Form N-14 on behalf of the Acquiring Fund and relating to the Reorganization Shares issuable hereunder, and the proxy statement of the Acquired Fund relating to the meeting of the Acquired Fund's shareholders referred to in Section 7 herein (as amended or supplemented by any amendments or supplements filed with the Commission by the Acquiring Fund, and together with the documents incorporated therein by reference, the "Acquired Fund Proxy Statement"), on the date of its filing in definitive form with the Commission, (i) complied in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at the time of the shareholders' meeting referred to in Section 7, the Acquired Fund Proxy Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the representations and warranties in this subsection shall apply only to statements in or omissions from the Acquired Fund Proxy Statement made in reliance upon and in conformity with information furnished by the Acquiring Fund and the Trust for use in the Acquired Fund Proxy Statement.

2. *Representations, Warranties and Agreements of the Acquired Fund.* The Acquired Fund represents and warrants to and agrees with the Acquiring Fund that:

a. The Acquired Fund is a duly established and designated series of Trust III and has power to own all of its properties and assets and to carry out its obligations under this Agreement. Trust III is duly qualified in every jurisdiction where the conduct of its business requires such qualification, except to the extent that failure to so qualify would not have a material adverse effect on Trust III or the Acquired Fund. Each of Trust III and the Acquired Fund has all necessary federal, state and local authorizations to own all of its properties and assets, to carry on its business as an investment company and to carry out its obligations under this Agreement.

b. Trust III is registered under the 1940 Act as a closed-end management investment company, and such registration has not been revoked or rescinded and is in full force and effect.

c. The statement of assets and liabilities, the statement of operations, the statement of changes in net assets, and the schedule of investments of the Acquired Fund, as of the last day of and for its most recently completed fiscal year, audited by the Acquired Fund's independent registered public accounting firm, and an unaudited statement of assets and liabilities, statement of operations, statement of changes in net assets and schedule of investments for the subsequent semiannual period following the most recently completed fiscal year, copies of which have been filed with the Commission or furnished to the Acquiring Fund, fairly reflect the financial condition and results of operations of the Acquired Fund as of such dates and for the periods then ended in accordance with generally accepted accounting principles consistently applied. Since the last day of the Acquired Fund's most recently completed fiscal year, there have not been any material adverse changes in the Acquired Fund's financial condition, assets, liabilities or business (other than changes caused by changes in market conditions generally or those occurring in the ordinary course of business), or any incurrence by an Acquired Fund of indebtedness (other than in the ordinary course of business). For the purposes of this subparagraph (c), (i) distributions of net investment income and net realized capital gains, changes in portfolio securities, changes in the market value of portfolio securities or net redemptions shall be deemed to be in the ordinary course of business and (ii) the effects of investment underperformance, negative investment performance or net redemptions shall not, individually or in the aggregate, be deemed to give rise to any such change.

d. The prospectus and statement of additional information of the Acquired Fund, each as in effect as of the date hereof, and each as from time to time amended or supplemented (collectively, the "Acquired Fund Prospectus"), previously furnished to the Acquiring Fund, did not contain as of their date and do not contain as of the date hereof, with respect to the Acquired Fund or with respect to Trust III as it pertains to the Acquired Fund, any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

e. There are no material legal, administrative or other proceedings pending or, to the knowledge of Trust III or the Acquired Fund, threatened against Trust III (with respect to the Acquired Fund) or the Acquired Fund, which assert liability on the part of Trust III (with respect to the Acquired Fund) or the Acquired Fund. The Acquired Fund knows of no facts which might form the basis for the institution of such proceedings and is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body which materially and adversely affects its business or its ability to consummate the transactions herein contemplated.

f. There are no material contracts outstanding to which the Acquired Fund is a party, other than as are or will be disclosed in the Acquired Fund Prospectus, the registration statement on Form N-2 of the Acquired Fund (of which the Acquired Fund Prospectus is a part) or the Acquired Fund Proxy Statement.

g. The Acquired Fund has no known liabilities of a material nature, contingent or otherwise, other than those that are shown as belonging to it on the Acquired Fund's statement of assets and liabilities as of April 30, 2020, referred to above, and those incurred in the ordinary course of its business as an investment company since such date. Prior to the Exchange Date, the Acquired Fund will endeavor to quantify and to reflect on its balance sheet all of its material known liabilities and will advise the Acquiring Fund of all material liabilities, contingent or otherwise, incurred by it subsequent to April 30, 2020, whether or not incurred in the ordinary course of business.

h. As of the Exchange Date, the Acquired Fund will have filed all federal, state and other tax returns or reports that are required to have been filed by the Acquired Fund and will have paid all federal, state and other taxes shown to be due on said returns or on any assessments received by the Acquired Fund. All tax liabilities of the Acquired Fund have been adequately provided for on its books, and no tax deficiency or liability of the Acquired Fund has been asserted, and no question with respect thereto has been raised or is under audit, by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid.

i. At the Exchange Date, Trust III, on behalf of the Acquired Fund, will have full right, power and authority to sell, assign, convey, transfer and deliver the Investments (as defined below) and any other assets and liabilities of the Acquired Fund to be transferred to the Acquiring Fund pursuant to this Agreement. At the Exchange Date, subject only to the delivery of all of the Investments (as defined below), cash and any other assets and liabilities as contemplated by this Agreement, the Acquiring Fund will acquire the Investments and other properties and assets of the Acquired Fund, whether accrued or contingent, including, for the avoidance of doubt, all right, title and interest in the shares of Stone Ridge All Asset Variance Risk Premium Sub Fund Ltd. (collectively, the "Assets"), subject to no encumbrances, liens or security interests (other than customary liens of custodians for fees) whatsoever and without any restrictions upon the transfer thereof, except for such encumbrances, liens, security interests or restrictions on transfers as disclosed in writing to the Acquiring Fund. As used in this Agreement, the term "Investments" shall mean the Acquired Fund's investments that would be shown on its schedule of its investments if such a schedule were prepared as of the close of business on the Valuation Date (as defined in Section 4(b) below).

j. No registration under the 1933 Act of any of the Investments would be required if they were, as of the time of such transfer, the subject of a public distribution by either of the Acquiring Fund or the Acquired Fund, except as previously disclosed to the Acquiring Fund by the Acquired Fund.

k. No consent, approval, authorization or order of any court or governmental authority is required for the consummation by the Acquired Fund of the transactions contemplated by this Agreement, except such as may be required under the 1933 Act, 1934 Act, the 1940 Act or state securities or blue sky laws.

l. The Acquired Fund has met the requirements of subchapter M of the Code for treatment as a "regulated investment company" within the meaning of Sections 851 and 852 of the Code in respect of each taxable year since the commencement of its operations, and will continue to meet such requirements at all times through the Exchange Date.

m. To the best of its knowledge, all of the issued and outstanding shares of beneficial interest of the Acquired Fund have been offered for sale and sold in conformity with all applicable federal and state securities laws (including any applicable exemptions therefrom), or the Acquired Fund has taken any action necessary to remedy any prior failure to have offered for sale and sold such shares in conformity with such laws.

n. All issued and outstanding shares of the Acquired Fund are, and at the Exchange Date will be, duly and validly issued and outstanding, fully paid and non-assessable by Trust III or the Acquired Fund. The Acquired Fund does not have outstanding any options, warrants or other rights to subscribe for or purchase any of the Acquired Fund's shares, nor is there outstanding any security convertible into any of the Acquired Fund's shares.

o. The Acquired Fund Proxy Statement, on the date of its filing in definitive form with the Commission, (i) complied in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at the time the Acquired Fund Proxy Statement was distributed to shareholders of the Acquired Fund and at the time of the shareholders' meeting of the Acquired Fund's shareholders referred to in Section 7, the Acquired Fund Proxy Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that none of the representations and warranties in this subsection shall apply to statements in or omissions from the Acquired Fund Proxy Statement made in reliance upon and in conformity with information furnished by the Acquiring Fund for use in the Acquired Fund Proxy Statement.

p. The information provided by the Acquired Fund for use in the Form N-14 Registration Statement is accurate and complete in all material respects and complies with federal securities and other laws and regulations applicable thereto in all material respects.

3. *Reorganization*.

a. Subject to the requisite approval of the shareholders of the Acquired Fund and to the other terms and conditions contained herein, the Acquired Fund agrees to sell, assign, convey, transfer and deliver to the Acquiring Fund, and the Acquiring Fund agrees to acquire from the Acquired Fund, on the Exchange Date all of the Assets existing as of the Valuation Time (as defined in Section 4(b) below) in exchange for that number of shares of beneficial interest of the Acquiring Fund provided for in Section 5 of this Agreement and the assumption by the Acquiring Fund of all of the liabilities of the Acquired Fund, whether accrued or contingent, existing as of the Valuation Time. The Acquired Fund will, as soon as practicable after the Exchange Date, distribute all of the Reorganization Shares received by it to the shareholders of record of the Acquired Fund in exchange for their common shares of the Acquired Fund pursuant to Section 5.

b. Trust III, on behalf of the Acquired Fund, will pay or cause to be paid to the Acquiring Fund any interest, cash or such dividends, rights and other payments received for the account of the Acquired Fund on or after the Exchange Date with respect to the Assets of the Acquired Fund. Any such distribution shall be deemed included in the Assets transferred to the Acquiring Fund at the Exchange Date and shall not be separately valued unless the securities in respect of which such distribution is made shall have gone "ex" such distribution prior to the Valuation Time, in which case any such distribution which remains unpaid at the Exchange Date shall be included in the determination of the value of the Assets of the Acquired Fund acquired by the Acquiring Fund.

4. *Exchange Date; Valuation Time*.

a. Delivery of the Assets of the Acquired Fund to be transferred and assumption of the liabilities of the Acquired Fund to be assumed, and delivery of the Reorganization Shares to be issued, shall occur at the offices of the Trust at 510 Madison Avenue, 21st Floor, New York, New York 10022 or at such other location and date agreed to by the Acquiring Fund and the Acquired Fund, the date upon which such transactions are to take place being referred to herein as the "Exchange Date." All acts taking place on the Exchange Date pursuant to this Agreement shall be deemed to take place simultaneously as of 9:00 a.m. Eastern Time on the Exchange Date unless otherwise agreed to by the parties.

b. The "Valuation Time," as referred to herein, is ordinarily the close of regular trading on the New York Stock Exchange ("NYSE") (normally 4:00 p.m. Eastern time) on the Exchange Date such earlier or later day as may be mutually agreed upon in writing by the parties hereto, such date shall be referred to herein as the "Valuation Date."

c. In the event that, immediately prior to or at the Valuation Time, (a) the New York Stock Exchange shall be closed to regular session trading or trading thereon shall be restricted, or (b) trading or the reporting of trading on said Exchange or elsewhere shall be disrupted so that accurate appraisal of the net asset value of the Acquiring Fund or the Acquired Fund is impracticable, the Exchange Date shall be postponed until the first business day after the day when trading shall have been fully resumed and reporting shall have been restored or such other date as may be agreed upon by the Acquiring Fund and the Acquired Fund; provided that if trading shall not be fully resumed and reporting restored within three business days after the Exchange Date, this Agreement may be terminated by the Acquiring Fund or the Acquired Fund upon the giving of written notice to the other party.

5. *Issuance of Reorganization Shares; Assumption of Liabilities*. Subject to the terms and conditions contained herein, on the Exchange Date, the Acquiring Fund will deliver to the Acquired Fund a number of full and fractional Reorganization Shares having an aggregate net asset value equal to the value of the Assets of the Acquired Fund attributable to common shares of the Acquired Fund on such date less the value of the liabilities of the Acquired Fund attributable to common shares of the Acquired Fund on such date, determined as hereinafter provided in this Section 5.

a. The net asset value of the Reorganization Shares to be delivered to the Acquired Fund, the value of the Assets attributable to the common shares of the Acquired Fund and the value of the liabilities attributable to the common shares of the Acquired Fund to be assumed by the Acquiring Fund, shall in each case be determined as of the Valuation Time.

b. The net asset value of the Reorganization Shares shall be computed by the Acquiring Fund, in cooperation with the Acquired Fund, in the manner set forth in the Acquiring Fund Prospectus. The value of the assets and liabilities attributable to the common shares of the Acquired Fund shall be determined by the Acquiring Fund, in cooperation with the Acquired Fund, pursuant to procedures which the Acquiring Fund would use in determining the net asset value of the Acquiring Fund's shares of beneficial interest.

c. No adjustment shall be made in the net asset value of either the Acquired Fund or the Acquiring Fund to take into account differences in realized and unrealized gains and losses.

d. On the Exchange Date, the Acquiring Fund shall assume all liabilities of the Acquired Fund, whether accrued or contingent, in connection with the acquisition of the Assets and liabilities and subsequent liquidation and dissolution of the Acquired Fund or otherwise.

e. The Acquiring Fund shall issue the Reorganization Shares to the Acquired Fund. The Acquired Fund shall promptly distribute the Reorganization Shares to the shareholders of the Acquired Fund, which shall be accomplished through the establishment of open accounts for each record shareholder of the Acquired Fund on the transfer agency records of the Acquiring Fund. The Acquired Fund and the Acquiring Fund agree to cooperate in the establishment of such open accounts and to provide each other with such information as each may reasonably request in connection therewith.

f. Each party shall deliver to the other such bills of sale, instruments of assumption of liabilities, checks, assignments, stock certificates, receipts or other documents as such other party or its counsel may reasonably request in connection with the transfer of Assets, assumption of liabilities and liquidation contemplated herein.

6. *Expenses, Fees, etc.*

a. The Acquired Fund will bear the costs and expenses arising directly from the transactions contemplated by this Agreement, whether or not the Reorganization is consummated for any reason, including the costs of restructuring the Acquiring Fund's portfolio, including, but not limited to, brokerage commissions and other transaction costs.

b. Notwithstanding any other provision of this Agreement, if for any reason the transactions contemplated by this Agreement are not consummated, no party shall be liable to any other party for any damages resulting therefrom, including, without limitation, consequential damages, except as specifically set forth herein.

7. *Meeting of Shareholders; Dissolution*.

a. The Acquired Fund has called a meeting of the Acquired Fund's shareholders to take place after the effective date of the Form N-14 Registration Statement for the purpose of approving this Agreement and the transactions contemplated hereby.

b. The Acquiring Fund has, after the preparation and delivery to the Acquiring Fund by the Acquired Fund of a preliminary version of the Acquired Fund Proxy Statement which was satisfactory to the Acquiring Fund and to Ropes & Gray LLP for inclusion in the Form N-14 Registration Statement, filed the Form N-14 Registration Statement with the Commission. Each of the Acquired Fund and the Acquiring Fund will cooperate with the other, and each will furnish to the other the information relating to itself required by the 1933 Act, the 1934 Act, and the 1940 Act and the rules and regulations thereunder to be set forth in the Form N-14 Registration Statement.

c. The Acquired Fund agrees that the liquidation and dissolution of the Acquired Fund will be effected in the manner provided in Trust III Declaration of Trust in accordance with applicable law and that after the Exchange Date, the Acquired Fund shall not conduct any business except in connection with its liquidation and dissolution.

8. *Conditions to the Acquiring Fund's Obligations*. The obligations of the Acquiring Fund hereunder shall be subject to (a) performance by the Acquired Fund of all its obligations to be performed hereunder at or before the Exchange Date, (b) all representations and warranties of the Acquired Fund contained herein being true and correct in all material respects as of the date hereof and, except as they may be affected by the transactions contemplated hereby, as of the Exchange Date, with the same force and effect as if made at and as of the Exchange Date, and (c) the following further conditions that, at or before the Exchange Date:

a. The Acquired Fund shall have furnished to the Acquiring Fund (i) a statement of the Acquired Fund's Assets and liabilities, with values determined as provided in <u>Section 5</u> of this Agreement, together with a list of Investments and such Investments' respective tax bases, all as of the Valuation Time, certified on the Acquired Fund's behalf by the Acquired Fund's President and Treasurer, and a certificate of both such officers, dated the Exchange Date, that there has been no material adverse change in the financial position of the Acquired Fund since October 31, 2019, other than changes in ordinary course of business as described in <u>Section 2(c)</u> above; and (ii) a copy of the tax books and records of the Acquired Fund necessary for purposes of preparing any tax returns required by law to be filed by or with respect to the Acquired Fund after the Exchange Date.

b. The Acquired Fund shall have furnished to the Acquiring Fund a statement, dated the Exchange Date, signed by the Acquired Fund's President and Treasurer, certifying that as of the Exchange Date all representations and warranties of the Acquired Fund made in this Agreement are true and correct in all material respects as if made at and as of such date, and that the Acquired Fund has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to such date.

c. As of the Exchange Date, there shall not be any material litigation pending or threatened that would seek to enjoin or otherwise prevent the transactions contemplated by this Agreement.

d. The Acquiring Fund shall have received an opinion of Smith, Katzenstein & Jenkins LLP, dated the Exchange Date (which may be subject to certain qualifications and, with respect to some or all of the following, may indicate that a matter is not free from doubt), to the effect that (i) Trust III is validly existing as a statutory trust under the laws of the State of Delaware and has all necessary statutory trust power to execute, deliver and perform its obligations under this Agreement, and the Acquired Fund is a separate series of Trust III as provided under the laws of the State of Delaware duly established in accordance with the applicable provisions of the Declaration of Trust and Bylaws (the "Bylaws") of Trust III; (ii) this Agreement has been duly authorized, executed and delivered by Trust III, on behalf of the Acquired Fund, and, assuming that the Prospectus complies with all applicable provisions of the federal securities laws and assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of Trust III, on behalf of the Acquired Fund, enforceable against Trust III, on behalf of the Acquired Fund, in accordance with its terms; (iii) the execution and delivery of this Agreement by Trust III, on behalf of the Acquired Fund, did not, and the consummation of the transactions contemplated hereby will not, violate the Declaration of Trust or Bylaws, and will not violate any provision of the laws of the State of Delaware (except that such opinion need not express an opinion on state securities or "blue sky" laws); and (iv) to such counsel's knowledge (without any independent inquiry or investigation), under the laws of the State of Delaware, no consent, approval, license or exemption by, or order or authorization of, or filing, recording or registration with, any governmental authority is required to be obtained or made by Trust III or the Acquired Fund in connection with the execution and delivery of this Agreement or the consummation by Trust III, on behalf of the Acquired Fund, of the transactions contemplated hereby, except (a) such as have been obtained or made prior to the Exchange Date, or (b) such as may be required under state securities or "blue sky" laws (except that such opinion need not express an opinion on state securities or "blue sky" laws). In connection with the foregoing, it is understood that counsel may rely upon the representations contained in this Agreement and certificates of officers of Trust III.

e. The Acquiring Fund shall have received an opinion of Ropes & Gray LLP, counsel to the Acquired Fund, dated the Exchange Date (which may be subject to certain qualifications and, with respect to some or all of the following, may indicate that a matter is not free from doubt), to the effect that (i) the execution and delivery of this Agreement by Trust III, on behalf of the Acquired Fund, did not, and the consummation of the transactions contemplated hereby will not, violate any provision of the federal laws of the United States of America ("Federal Law") (except that such opinion need not express an opinion on state securities or "blue sky" laws) and will not result in a breach or violation of, or constitute a default under, any material agreements of the Acquired Fund (as identified in an exhibit to such opinion); and (ii) to such counsel's knowledge (without any independent inquiry or investigation), under Federal Law, no consent, approval, license or exemption by, or order or authorization of, or filing, recording or registration with, any governmental authority is required to be obtained or made by Trust III or the Acquired Fund in connection with the execution and delivery of this Agreement or the consummation by Trust III, on behalf of the Acquired Fund, of the transactions contemplated hereby, except such as have been obtained or made prior to the Exchange Date. In connection with the foregoing, it is understood that counsel may rely upon the representations contained in this Agreement and certificates of officers of Trust III, including certificates with respect to investment restrictions contained in the Declaration of Trust, Bylaws or then-current prospectus or statement of additional information.

f. The Acquiring Fund shall have received a favorable opinion of Ropes & Gray LLP, counsel to the Trust, dated the Exchange Date (which opinion will be subject to certain qualifications), reasonably satisfactory to the Acquiring Fund and substantially to the effect that, on the basis of the existing provisions of the Code, U.S. Treasury regulations issued thereunder, current administrative rules, pronouncements and court decisions, although the matter is not free from doubt, generally for U.S. federal income tax purposes: (i) the transactions contemplated by this Agreement will constitute a reorganization within the meaning of Section 368(a) of the Code and the Acquiring Fund and the Acquired Fund will each be a "party to the reorganization" within the meaning of Section 368(b) of the Code; (ii) the Acquired Fund will not recognize any gain or loss upon the transfer of the Assets to the Acquiring Fund pursuant to this Agreement in exchange for the Reorganization Shares and the assumption by the Acquiring Fund of the liabilities of the Acquired Fund, or upon the distribution of the Reorganization Shares by the Acquired Fund to its shareholders in liquidation, except for (A) any gain or loss that may be recognized on "section 1256 contracts" as defined in Section 1256(b) of the Code as a result of the closing (if any) of the tax year of the Acquired Fund, (B) any gain that may be recognized on the transfer of stock in a "passive foreign investment company" as defined in Section 1297(a) of the Code, and (C) any other gain or loss that may be required to be recognized by reason of the reorganization (1) as a result of the closing (if any) of the tax year of the Acquired Fund, (2) upon the termination of a position, or (3) upon the transfer of an Asset regardless of whether such a transfer would otherwise be a nontaxable transaction; (iii) Acquired Fund shareholders will not recognize any gain or loss upon the exchange of their Acquired Fund shares for Reorganization Shares; (iv) the aggregate basis of the Reorganization Shares that the Acquired Fund shareholders receive in exchange for their Acquired Fund shares will be the same as the aggregate basis of the Acquired Fund shares exchanged therefor; (v) an Acquired Fund shareholder's holding period for the Reorganization Shares received pursuant to this Agreement will include the shareholder's holding period for the Acquired Fund shares exchanged for those Reorganization Shares, provided that the shareholder held the Acquired Fund shares as capital assets; (vi) the Acquiring Fund will not recognize any gain or loss upon the receipt of the Assets in exchange for Reorganization Shares and the assumption by the Acquiring Fund of the liabilities of the Acquired Fund; (vii) the Acquiring Fund's tax basis in the Assets will be the same as the Acquired Fund's tax basis immediately prior to the transfer, increased by any gain or decreased by any loss required to be recognized as described in (ii) above; (viii) the holding period of each Asset in the hands of the Acquiring Fund, other than certain Assets with respect to which gain or loss is required to be recognized as described in (ii) above, will include the period during which such Asset was held or treated for U.S. federal income tax purposes as held by the Acquired Fund; and (ix) the Acquiring Fund will succeed to and take into account the items of the Acquired Fund described in Section 381(c) of the Code, subject to the conditions and limitations specified in Sections 381, 382, 383 and 384 of the Code and the U.S. Treasury regulations thereunder (the "Tax Opinion"). The Tax Opinion will be based upon certain factual representations made by officers of the Acquired Fund and Acquiring Fund and will also be based on customary assumptions. The Tax Opinion is not a guarantee that the tax consequences of the transactions contemplated by this Agreement will be as described in such opinion. The Tax Opinion will note and distinguish certain published precedent. There is no assurance that the Internal Revenue Service or a court would agree with the Tax Opinion.

g. As of the Exchange Date, the assets of the Acquired Fund to be acquired by the Acquiring Fund will include no assets which the Acquiring Fund identifies to the Acquired Fund as being unsuitable for the Acquiring Fund to acquire by reason of limitations in the Declaration of Trust or Bylaws of the Trust, or of investment restrictions disclosed in the Acquiring Fund Prospectus in effect on the Exchange Date.

h. Each of the Acquired Fund and the Trust shall have received from the Commission and any relevant state securities administrator such order or orders, if any, as are reasonably necessary or desirable under the 1933 Act, the 1934 Act, the 1940 Act and any applicable state securities or blue sky laws in connection with the transactions contemplated hereby, and that all such orders shall be in full force and effect.

i. All actions taken by Trust III on behalf of the Acquired Fund in connection with the transactions contemplated by this Agreement and all documents incidental thereto shall be reasonably satisfactory in form and substance to the Acquiring Fund and Ropes & Gray LLP.

j. The Acquired Fund shall have furnished to the Acquiring Fund a certificate, signed by the President and the Treasurer of the Acquired Fund, as to the tax cost to the Acquired Fund of the assets delivered to the Acquiring Fund pursuant to this Agreement, together with any such other evidence as to such tax cost as the Acquiring Fund may reasonably request.

k. The Acquired Fund's custodian shall have delivered to the Acquiring Fund a certificate identifying all of the Assets of the Acquired Fund held or maintained by such custodian as of the Valuation Time.

l. The Acquired Fund's transfer agent shall have provided to the Acquiring Fund or its agent (i) the originals or true copies of all of the records of Trust III attributable to the Acquired Fund in the possession of such transfer agent as of the Exchange Date and (ii) a certificate setting forth the number of shares of the Acquired Fund outstanding as of the Valuation Time.

m. This Agreement shall have been adopted and the transactions contemplated hereby shall have been approved by the requisite votes of the holders of the outstanding shares of beneficial interest of the Acquired Fund entitled to vote.

9. *Conditions to the Acquired Fund's Obligations*. The obligations of the Acquired Fund hereunder shall be subject to (a) performance by the Acquiring Fund of all its obligations to be performed hereunder at or before the Exchange Date, (b) all representations and warranties of the Acquiring Fund contained herein being true and correct in all material respects as of the date hereof and, except as they may be affected by the transactions contemplated hereby, as of the Exchange Date, with the same force and effect as if made at and as of the Exchange Date, and (c) the following further conditions that, at or before the Exchange Date:

a. The Trust, on behalf of the Acquiring Fund, shall have executed and delivered to the Acquired Fund an Assumption of Liabilities dated as of the Exchange Date, pursuant to which the Acquiring Fund will assume all of the liabilities of the Acquired Fund existing at the Valuation Time in connection with the transactions contemplated by this Agreement.

b. The Acquiring Fund shall have furnished to the Acquired Fund a statement, dated the Exchange Date, signed by the Trust's President and Treasurer, certifying that as of the Exchange Date all representations and warranties of the Acquiring Fund made in this Agreement are true and correct in all material respects as if made at and as of such date, and that each of the Trust and the Acquiring Fund has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to such date.

c. As of the Exchange Date, there shall not be any material litigation pending or threatened that would seek to enjoin or otherwise prevent the transactions contemplated by this Agreement.

d. The Acquired Fund shall have received an opinion of Smith, Katzenstein & Jenkins LLP, dated the Exchange Date (which may be subject to certain qualifications and, with respect to some or all of the following, may indicate that a matter is not free from doubt), to the effect that (i) the Trust is validly existing as a statutory trust under the laws of the State of Delaware and has all necessary statutory trust power to execute, deliver and perform its obligations under this Agreement, and the Acquiring Fund is a separate series of the Trust as provided under the laws of the State of Delaware duly established in accordance with the applicable provisions of the Declaration of Trust and Bylaws of the Trust; (ii) the Reorganization Shares to be delivered to the Acquired Fund as provided for by this Agreement are duly authorized and, upon such delivery, will be validly issued and will be fully paid and non-assessable by the Trust and the Acquiring Fund, and that, under the terms of the Acquiring Fund's Declaration of Trust, no shareholder of the Acquiring Fund has any preemptive right to subscription or purchase in respect thereof; (iii) this Agreement has been duly authorized, executed and delivered by the Trust, on behalf of the Acquiring Fund, and, assuming that the Prospectus complies with all applicable provisions of the federal securities laws and assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of the Trust, on behalf of the Acquiring Fund, enforceable against the Trust, on behalf of the Acquiring Fund, in accordance with its terms; (iv) the execution and delivery of this Agreement by the Trust, on behalf of the Acquiring Fund, did not, and the consummation of the transactions contemplated hereby will not, violate the Declaration of Trust or Bylaws, and will not violate any provision of the laws of the State of Delaware (except that such opinion need not express an opinion on state securities or "blue sky" laws); and (v) to such counsel's knowledge (without any independent inquiry or investigation), under the laws of the State of Delaware, no consent, approval, license or exemption by, or order or authorization of, or filing, recording or registration with, any governmental authority is required to be obtained or made by the Trust or the Acquiring Fund in connection with the execution and delivery of this Agreement or the consummation by the Trust, on behalf of the Acquiring Fund, of the transactions contemplated hereby, except (a) such as have been obtained or made prior to the Exchange Date, or (b) such as may be required under state securities or "blue sky" laws (except that such opinion need not express an opinion on state securities or "blue sky" laws). In connection with the foregoing, it is understood that counsel may rely upon the representations contained in this Agreement and certificates of officers of the Trust.

e. The Acquired Fund shall have received an opinion of Ropes & Gray LLP, dated the Exchange Date (which may be subject to certain qualifications and, with respect to some or all of the following, may indicate that a matter is not free from doubt), to the effect that (i) the execution and delivery of this Agreement by the Trust, on behalf of the Acquiring Fund, did not, and the consummation of the transactions contemplated hereby will not, violate any provision of Federal Law (except that such opinion need not express an opinion on state securities or "blue sky" laws) and will not result in a breach or violation of, or constitute a default under, any material agreements of the Acquiring Fund (as identified in an exhibit to such opinion); and (ii) to such counsel's knowledge (without any independent inquiry or investigation), under Federal Law, no consent, approval, license or exemption by, or order or authorization of, or filing, recording or registration with, any governmental authority is required to be obtained or made by the Trust or the Acquiring Fund in connection with the execution and delivery of this Agreement or the consummation by the Trust, on behalf of the Acquiring Fund, of the transactions contemplated hereby, except such as have been obtained or made prior to the Exchange Date. In connection with the foregoing, it is understood that counsel may rely upon the representations contained in this Agreement and certificates of officers of the Trust, including certificates with respect to investment restrictions contained in the Declaration of Trust, Bylaws or then-current prospectus or statement of additional information.

f. The Acquired Fund shall have received a Tax Opinion of Ropes & Gray LLP (the substance of which is described above in Section 8(f)), dated the Exchange Date (which opinion will be subject to certain qualifications), and reasonably satisfactory to the Acquired Fund. The Tax Opinion will be based upon certain factual representations made by officers of the Acquired Fund and Acquiring Fund and will also be based on customary assumptions. The Tax Opinion is not a guarantee that the tax consequences of the transactions contemplated by this Agreement will be as described in such opinion. The Tax Opinion will note and distinguish certain published precedent. There is no assurance that the Internal Revenue Service or a court would agree with the Tax Opinion.

g. The Form N-14 Registration Statement shall be effective under the 1933 Act, and no stop order suspending such effectiveness shall have been instituted or, to the knowledge of the Acquiring Fund or the Trust, threatened by the Commission.

h. All actions taken by the Trust on behalf of the Acquiring Fund in connection with the transactions contemplated by this Agreement and all documents incidental thereto shall be reasonably satisfactory in form and substance to the Acquired Fund and Ropes & Gray LLP.

i. Each of the Trust and the Acquired Fund shall have received from the Commission and any relevant state securities administrator such order or orders, if any, as are reasonably necessary or desirable under the 1933 Act, the 1934 Act, the 1940 Act and any applicable state securities or blue sky laws in connection with the transactions contemplated hereby, and that all such orders shall be in full force and effect.

j. This Agreement shall have been adopted and the transactions contemplated hereby shall have been approved by the requisite votes of the holders of the outstanding shares of beneficial interest of the Acquired Fund entitled to vote.

10. *Indemnification*.

a. To the fullest extent permitted by applicable law, the Acquired Fund shall indemnify and hold harmless, out of the assets of the Acquired Fund (which shall be deemed to include the assets of the Acquiring Fund represented by the Reorganization Shares following the Exchange Date) but no other assets, the Acquiring Fund, the Trust and the trustees and officers of the Trust (for purposes of this Section 10(a), the "Indemnified Parties") against any and all expenses, losses, claims, damages and liabilities at any time imposed upon or reasonably incurred by any one or more of the Indemnified Parties in connection with, arising out of, or resulting from any claim, action, suit or proceeding in which any one or more of the Indemnified Parties may be involved or with which any one or more of the Indemnified Parties may be threatened by reason of any untrue statement or alleged untrue statement of a material fact relating to Trust III or the Acquired Fund contained in this Agreement, the Acquired Fund Proxy Statement or the Form N-14 Registration Statement or any amendment or supplement to any of the foregoing, or arising out of, or based upon, the omission or alleged omission to state in any of the foregoing a material fact relating to Trust III or the Acquired Fund required to be stated therein or necessary to make the statements relating to Trust III or the Acquired Fund therein not misleading, including, without limitation, any amounts paid by any one or more of the Indemnified Parties in a reasonable compromise or settlement of any such claim, action, suit or proceeding, or threatened claim, action, suit or proceeding made with the consent of Trust III on behalf of the Acquired Fund. The Indemnified Parties will notify Trust III and the Acquired Fund in writing within ten days after the receipt by any one or more of the Indemnified Parties of any notice of legal process or any suit brought against or claim made against such Indemnified Party as to any matters covered by this Section 10(a). The Acquired Fund shall be entitled to participate at its own expense in the defense of any claim, action, suit or proceeding covered by this Section 10(a), or, if it so elects, to assume at its expense by counsel satisfactory to the Indemnified Parties the defense of any such claim, action, suit or proceeding, and, if the Acquired Fund elects to assume such defense, the Indemnified Parties shall be entitled to participate in the defense of any such claim, action, suit or proceeding at their own expense. The Acquired Fund's obligation under this Section 10(a) to indemnify and hold harmless the Indemnified Parties shall constitute a guarantee of payment so that the Acquired Fund will pay in the first instance any expenses, losses, claims, damages and liabilities required to be paid by it under this Section 10(a) without the necessity of the Indemnified Parties' first paying the same.

b. To the fullest extent permitted by applicable law, the Acquiring Fund shall indemnify and hold harmless, out of the assets of the Acquiring Fund but no other assets, the Acquired Fund, Trust III and the trustees and officers of Trust III (for purposes of this Section 10(b), the "Indemnified Parties") against any and all expenses, losses, claims, damages and liabilities at any time imposed upon or reasonably incurred by any one or more of the Indemnified Parties in connection with, arising out of, or resulting from any claim, action, suit or proceeding in which any one or more of the Indemnified Parties may be involved or with which any one or more of the Indemnified Parties may be threatened by reason of any untrue statement or alleged untrue statement of a material fact relating to the Trust or the Acquiring Fund contained in this

Agreement, the Acquired Fund Proxy Statement or the Form N-14 Registration Statement or any amendment or supplement to any of the foregoing, or arising out of, or based upon, the omission or alleged omission to state in any of the foregoing a material fact relating to the Trust or the Acquiring Fund required to be stated therein or necessary to make the statements relating to the Trust or the Acquiring Fund therein not misleading, including, without limitation, any amounts paid by any one or more of the Indemnified Parties in a reasonable compromise or settlement of any such claim, action, suit or proceeding, or threatened claim, action, suit or proceeding made with the consent of the Trust on behalf of the Acquiring Fund. The Indemnified Parties will notify the Trust and the Acquiring Fund in writing within ten days after the receipt by any one or more of the Indemnified Parties of any notice of legal process or any suit brought against or claim made against such Indemnified Party as to any matters covered by this Section 10(b). The Acquiring Fund shall be entitled to participate at its own expense in the defense of any claim, action, suit or proceeding covered by this Section 10(b), or, if it so elects, to assume at its expense by counsel satisfactory to the Indemnified Parties the defense of any such claim, action, suit or proceeding, and, if the Acquiring Fund elects to assume such defense, the Indemnified Parties shall be entitled to participate in the defense of any such claim, action, suit or proceeding at their own expense. The Acquiring Fund's obligation under this Section 10(b) to indemnify and hold harmless the Indemnified Parties shall constitute a guarantee of payment so that the Acquiring Fund will pay in the first instance any expenses, losses, claims, damages and liabilities required to be paid by it under this Section 10(b) without the necessity of the Indemnified Parties' first paying the same.

11. *No Broker, etc.* Each of the Acquired Fund and the Acquiring Fund represents that there is no person who has dealt with it who, by reason of such dealings, is entitled to any broker's or finder's or other similar fee or commission arising out of the transactions contemplated by this Agreement.

12. *Termination*. The Acquired Fund and the Acquiring Fund may, by mutual consent of the trustees of the Trust and the trustees of Trust III on behalf of each Fund, terminate this Agreement, and each of the Acquired Fund or the Acquiring Fund, after consultation with counsel and by consent of its trustees or an officer authorized by such trustees, may waive any condition to its obligations hereunder. If the transactions contemplated by this Agreement have not been substantially completed by the first anniversary of this Agreement, this Agreement shall automatically terminate on that date unless a later date is agreed to by the Acquired Fund and the Acquiring Fund.

13. *Survival.* The representations, warranties and covenants contained in this Agreement or in any document delivered pursuant hereto or in connection herewith shall not survive the consummation of the transactions contemplated hereunder except Sections 6, 10, 13, 14, 15, 18, 19, 20 and 23.

14. *Covenants, etc. Deemed Material*. All covenants, agreements, representations and warranties made under this Agreement and any certificates delivered pursuant to this Agreement shall be deemed to have been material and relied upon by each of the parties, notwithstanding any investigation made by them or on their behalf.

15. *Sole Agreement; Governing Law*. This Agreement supersedes all previous correspondence and oral communications between the parties regarding the subject matter hereof, constitutes the only understanding with respect to such subject matter, may not be changed except as provided by Section 16 hereto, and shall be construed in accordance with and governed by the laws of the State of Delaware.

16. *Amendment*. This Agreement contains the entire agreement of the parties with respect to the transactions contemplated by the Agreement and may be amended by mutual consent of the parties in writing at any time; provided, however, that there shall not be any amendment that by law requires approval by the shareholders of a party without obtaining such approval.

17. *Waiver*. At any time on or prior to the Exchange Date, the Acquired Fund or the Acquiring Fund, after consultation with counsel and by consent of its trustees or an officer authorized by such trustees, may waive any condition to its respective obligations hereunder.

18. *Assignment*. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, but no assignment or transfer hereof or of any rights or obligations hereunder shall be made by either party without the written consent of any other party. Nothing herein expressed or implied is intended or shall be construed to confer upon or give any person other than the parties hereto and their respective successors and assigns any rights or remedies under or by reason of this Agreement.

19. *Notices*. Any notice, report, statement or demand required or permitted by any provisions of this Agreement shall be in writing and shall be given by facsimile, courier or certified mail addressed to Stone Ridge Trust, Attention: Chief Compliance Officer, 510 Madison Avenue, 21st Floor, New York, New York 10022.

20. *Recourse*. All persons dealing with the Acquiring Fund or the Acquired Fund must look solely to the property of such Fund for the enforcement of any claims against such Fund, as none of the trustees, officers, agents or shareholders or other series of the Trust or Trust III, as applicable, assume any liability for obligations entered into on behalf of either of the Funds.

21. *Headings*. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

22. *Counterparts*. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

23. *Further Assurances*. Each Fund shall use its reasonable best efforts in good faith to take or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable law, so as to permit the consummation of the transactions contemplated by this Agreement as promptly as practicable and otherwise to enable consummation of the transactions contemplated by this Agreement, and shall cooperate fully with one another to that end.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first written above.

STONE RIDGE TRUST III
on behalf of Stone Ridge All Asset Variance
Risk Premium Fund

By: ______________________________

Name:
Title:

STONE RIDGE TRUST
on behalf of its series Stone Ridge All Asset Variance
Risk Premium Fund

By: ______________________________

Name:
Title:

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES OF NEW AVRPX

This Appendix B contains information regarding New AVRPX, including its investment objective and principal investment strategies. Please see "Overview — Principal Risk Factors" in this Prospectus/Proxy Statement for a description of the principal risks of investing in New AVRPX.

New AVRPX's investment objective is to achieve capital appreciation. There can be no assurance that New AVRPX 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 New AVRPX, the Adviser focuses primarily on one source of expected returns — the "variance risk premium" in certain derivative instruments and other investments (collectively, "investments"). The "variance risk premium" is positive if the "implied volatility" — the expected level of volatility priced into different types of investments — is higher, on average, than the volatility actually experienced on the asset underlying the investment. For example, an option buyer typically pays a premium to an option seller, such as New AVRPX, that is priced based on the expected amount by which the value of the instrument underlying the option will move up or down. On average, this expected amount of value movement (or implied volatility) is generally greater than the amount by which the value of the underlying instrument actually moves (realized volatility). By entering into derivatives contracts and making these types of investments, New AVRPX is, in essence, accepting a risk that its counterparty seeks to transfer in exchange for the premium or other payment/return received by New AVRPX under the derivatives contract or in connection with the investment. By providing this risk transfer service, New AVRPX seeks to benefit over the long-term from the difference between the level of volatility priced into its obligations under these investments and the level of volatility realized on the assets underlying these investments. There can be no assurance that the variance risk premium will be positive for New AVRPX's investments at any time or on average and over time.

The Adviser does not intend to purchase or sell investments for the portfolio based on prospects for the economy, the relevant markets or the individual issuers themselves. Instead, New AVRPX seeks to identify variance risk premiums that have historically been positive on average and over time wherever they may arise, regardless of the specific underlying assets and to provide an investment return from the premiums or payments it receives from making these investments. In constructing an investment portfolio, the Adviser seeks to identify a universe of eligible investments offering New AVRPX the potential to capture the benefit of the variance risk premiums associated with different asset classes. The extent of New AVRPX's exposure to any particular asset class is determined according to global supply and demand for the risk transfer services provided by New AVRPX's investments. The Adviser seeks to keep trading costs as low as practicable, given the appropriate execution requirements of the strategy.

New AVRPX typically pursues its investment objective by entering into exchange-traded or over-the-counter ("OTC") derivative contracts primarily related to commodities and foreign currencies. New AVRPX may enter into a variety of derivative contracts, but typically expects to enter into put and call options, futures contracts, options on futures contracts, swaps and swaptions. This universe of investments is subject to change under varying market conditions and as these instruments evolve over time.

Currently, New AVRPX expects to have exposure to the following asset classes (either directly or indirectly through reference to a derivative contract, other investment or through an investment in a wholly-owned subsidiary (as described further below)), but is not restricted in its exposure to any asset class:

- Commodities, including any physical (e.g., tangible assets, including industrial and precious metals, oil, natural gas and agricultural products) or financial commodity;
- Foreign currencies;
- Interest rates, including any derivatives contract that provides exposure to a fixed or floating interest rate reference or benchmark determined by any central bank, certain benchmark government obligations, overnight deposit rate instruments and time value deposits;

- Equity and debt securities, including any publicly traded or privately offered U.S. and foreign (non-U.S.) equity securities (including common and preferred stock); publicly traded U.S. and foreign debt securities (including fixed and floating rate bonds); and
- Volatility, including any derivatives contract that provides exposure to a measurement of implied or realized volatility or variance of an asset.

Subject to any restrictions under applicable law, New AVRPX is not restricted in its exposure to any particular market (including emerging markets), type of derivatives contract or asset class and may have exposure to the securities of companies of any market capitalization or credit rating, including to companies rated below investment grade or that are unrated but are judged by the Adviser to be of comparable quality.

New AVRPX may (but is not obligated to) seek to hedge its exposure to price movements in the Underlying References by taking long or short positions in the underlying assets, related assets or other offsetting derivative positions, such as by hedging options on an index with futures on that same index (this is known as "delta hedging"). To gain long investment exposure, New AVRPX may invest in assets directly or use derivatives (including futures). To gain short investment exposure, New AVRPX may use derivatives (including futures) and make short sales, including short sales of assets New AVRPX does not own, which may require New AVRPX 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. New AVRPX may also at times be a net purchaser, rather than seller, of options or other derivatives relating to a particular Underlying Reference or may offset exposure to one Underlying Reference by being a net purchaser of derivatives relating to a different Underlying Reference.

New AVRPX expects to gain exposure to the commodities markets by investing the Subsidiary, its wholly-owned and controlled subsidiary organized in the Cayman Islands and advised by the Adviser. The Subsidiary gains exposure to the commodities markets by investing in commodity-linked derivatives, such as commodity-linked futures, options and swaps. References herein to New AVRPX include references to the Subsidiary in respect of New AVRPX's exposure to the commodities markets.

When New AVRPX enters into derivatives transactions, it is typically required to post collateral, or "initial margin," to secure its payment or delivery obligations. New AVRPX then pays or receives margin periodically during the term of the derivative depending on changes in value of the derivative. In some cases, New AVRPX posts margin directly to a broker or futures commission merchant ("FCM"), and in some cases New AVRPX posts margin to its custodian under an escrow or tri-party collateral arrangement. In the case of a broker who is not an FCM, any posting of margin directly to that broker must be specifically approved by the Board. When New AVRPX posts margin directly to a broker or FCM, New AVRPX is subject to the credit risk and fraud risk of that broker or FCM with respect to that posted margin. There is generally no limit on the amount of margin that New AVRPX may post directly to a single broker or FCM or to all brokers and FCMs, and New AVRPX typically posts a significant portion of its assets in this manner. As a result, at any time New AVRPX may have substantial credit exposure to one or more brokers and/or FCMs.

For collateral purposes, in connection with certain of New AVRPX's derivatives contracts, New AVRPX invests a substantial portion of its assets in U.S. Treasury bills and other highly rated securities. Some of New AVRPX's derivatives investments and certain assets of New AVRPX related to New AVRPX's derivatives instruments may be treated as illiquid. New AVRPX may invest at the time of purchase up to 15% of its net assets in illiquid securities.

The Adviser has broad discretion to allocate New AVRPX's assets among derivative types and asset classes and to determine whether and how to hedge New AVRPX's exposures and how much leverage to apply. In constructing the portfolio, the Adviser seeks to limit New AVRPX's exposure to any single asset class by making investments related to a variety of asset classes. Further, within each asset class, the Adviser seeks to cause New AVRPX to have exposures to multiple underlying assets, geographic regions, economic sectors and maturities. The Adviser seeks to allocate New AVRPX's assets dynamically in response to supply and demand for risk transfer services in the global markets, typically with a total amount of overall portfolio risk exposure estimated to be consistent with an annual portfolio volatility of approximately 10% on average over a long period of time. However, the Adviser will not actively adjust the portfolio in response to short term deviations in the portfolio's trailing realized volatility from its long-run target. With the exception of certain asset diversification tests under the Internal Revenue Code of 1986, as amended (the "Code"), there is no stated limit on the percentage of assets New AVRPX can invest in a particular instrument or the percentage of assets New AVRPX will allocate to any one asset class, and at times New AVRPX may focus on a small number of instruments or asset classes.

Borrowing and Leverage

New AVRPX may obtain leverage through borrowings in seeking to achieve its investment objective. New AVRPX's borrowings, which would typically be in the form of loans from banks, may be on a secured or unsecured basis and at fixed or variable rates of interest.

The 1940 Act requires New AVRPX to maintain continuous asset coverage of not less than 300% with respect to all borrowings. This means that the value of New AVRPX's total indebtedness may not exceed one-third of the value of its total assets (including such indebtedness). New AVRPX also may borrow money from banks or other lenders for temporary purposes in an amount not to exceed 5% of New AVRPX's assets. Such temporary borrowings are not subject to the asset coverage requirements discussed above. Investments or trading practices that involve contractual obligations to pay in the future are subject to the same requirements unless New AVRPX designates liquid assets in an amount New AVRPX believes to be equal to New AVRPX's contractual obligations (marked-to-market on a daily basis) or, for certain instruments, appropriately "covers" such obligations with offsetting positions.

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

Management

Investment Adviser

Stone Ridge is New AVRPX's investment adviser.

Portfolio Managers

Nathaniel Conrad and Li Song (together, the "Portfolio Managers") are jointly and primarily responsible for the day-to-day management of New AVRPX. Each of the Portfolio Managers has been a Portfolio Manager since New AVRPX's inception.

Purchase and Sale of Fund Shares

The minimum initial investment (which may be waived or reduced in certain circumstances) is $500,000. This minimum may be modified and/or applied in the aggregate for certain intermediaries that submit trades on behalf of underlying investors (e.g., registered investment advisers or benefit plans). Differences in the policies of different intermediaries may include different minimum investment amounts. There is no minimum for subsequent investments. All share purchases are subject to approval of the Adviser.

Fund shares may be redeemed on any business day, which is any day the New York Stock Exchange ("NYSE") is open for business, by writing to Stone Ridge Trust, c/o U.S. Bank Global Fund Services, 615 E. Michigan Avenue, 3rd Floor, Milwaukee, Wisconsin, 53202, or by calling (855) 609-3680.

Tax Information

New AVRPX's distributions are expected to be taxed as ordinary income and/or capital gains, unless you are exempt from taxation or investing through a tax-advantaged arrangement, such as a 401(k) plan or an individual retirement account.

Payments to Broker-Dealers and Other Financial Intermediaries

New AVRPX is not generally sold through financial intermediaries other than certain registered investment advisers, and no sales loads are charged to investors or paid to financial intermediaries. See “Distribution Arrangements” below.

CHARACTERISTICS AND RISKS OF SECURITIES AND INVESTMENT TECHNIQUES

This Appendix C provides additional information about some of the principal investments and related risks of New AVRPX identified under "Principal Risk Factors" in this Prospectus/Proxy Statement. It also describes characteristics and risks of additional securities and investment techniques that are not necessarily principal investment strategies but may be used by New AVRPX from time to time. Most of these securities and investment techniques are discretionary, which means that the portfolio managers can decide whether to use them or not. This Prospectus/Proxy Statement does not attempt to disclose all of the various types of securities and investment techniques that may be used by New AVRPX. As with any mutual fund, investors in New AVRPX must rely on the professional investment judgment and skill of the Adviser and the individual portfolio managers.

More Information on Investment Strategies

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 New AVRPX, the Adviser focuses primarily on one source of expected returns — the "variance risk premium" in certain derivative instruments and other investments (collectively, "investments"). The "variance risk premium" is positive if the "implied volatility" — the expected level of volatility priced into different types of investments — is higher, on average, than the volatility actually experienced on the asset underlying the investment. For example, an option buyer typically pays a premium to an option seller, such as New AVRPX, that is priced based on the expected amount by which the value of the instrument underlying the option will move up or down. On average, this expected amount of value movement (or implied volatility) is generally greater than the amount by which the value of the underlying instrument actually moves (realized volatility). By entering into derivatives contracts and making these types of investments, New AVRPX is, in essence, accepting a risk that its counterparty seeks to transfer in exchange for the premium or other payment/return received by New AVRPX under the derivatives contract or in connection with the investment. By providing this risk transfer service, New AVRPX seeks to benefit over the long-term from the difference between the level of volatility priced into its obligations under these investments and the level of volatility realized on the assets underlying these investments. There can be no assurance that the variance risk premium will be positive for New AVRPX's investments at any time or on average and over time.

The Adviser does not intend to purchase or sell investments for the portfolio based on prospects for the economy, the relevant markets or the individual issuers themselves. Instead, New AVRPX seeks to identify variance risk premiums that have historically been positive on average and over time wherever they may arise, regardless of the specific underlying assets, and to provide an investment return from the premiums or payments it receives from making these investments. In constructing an investment portfolio, the Adviser seeks to identify a universe of eligible investments offering New AVRPX the potential to capture the benefit of the variance risk premiums associated with different asset classes. The extent of New AVRPX's exposure to any particular asset class is determined according to global supply and demand for the risk transfer services provided by New AVRPX's investments. The Adviser seeks to keep trading costs as low as practicable, given the appropriate execution requirements of the strategy.

New AVRPX typically pursues its investment objective by entering into exchange-traded or OTC derivative contracts primarily related to commodities and foreign currencies. New AVRPX may enter into a variety of derivative contracts, but typically expects to enter into put and call options, futures contracts, options on futures contracts, swaps and swaptions. This universe of investments is subject to change under varying market conditions and as these instruments evolve over time.

Currently, New AVRPX expects to have exposure to the following asset classes (either directly or indirectly through reference to a derivative contract, other investment or through an investment in its Subsidiary, but is not restricted in its exposure to any asset class:

- Commodities, including any physical (*e.g.*, tangible assets, including industrial and precious metals, oil, natural gas and agricultural products) or financial commodity;
- Foreign currencies;

- Interest rates, including any derivatives contract that provides exposure to a fixed or floating interest rate reference or benchmark determined by any central bank, certain benchmark government obligations, overnight deposit rate instruments and time value deposits;
- Equity and debt securities, including any publicly traded or privately offered U.S. and foreign (non-U.S.) equity securities (including common and preferred stock); publicly traded U.S. and foreign debt securities (including fixed and floating rate bonds); and
- Volatility, including any derivatives contract that provides exposure to a measurement of implied or realized volatility or variance of an asset.

Subject to any restrictions under applicable law, New AVRPX is not restricted in its exposure to any particular market (including emerging markets), type of derivatives contract or asset class and may have exposure to the securities of companies of any market capitalization or credit rating, including to companies rated below investment grade or that are unrated but are judged by the Adviser to be of comparable quality.

New AVRPX may (but is not obligated to) seek to hedge its exposure to price movements in an Underlying Reference by taking long or short positions in the underlying assets, related assets or other offsetting derivative positions, such as by hedging options on an index with futures on that same index (this is known as "delta hedging"). To gain long investment exposure, New AVRPX may invest in assets directly or use derivatives (including futures). To gain short investment exposure, New AVRPX may use derivatives (including futures) and make short sales, including short sales of assets New AVRPX does not own, which may require New AVRPX 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. New AVRPX may also at times be a net purchaser, rather than seller, of options or other derivatives relating to a particular Underlying Reference or may offset exposure to one Underlying Reference by being a net purchaser of derivatives relating to a different Underlying Reference.

New AVRPX expects to gain exposure to the commodities markets by investing in the Subsidiary, which is organized in the Cayman Islands and advised by the Adviser. The Subsidiary gains exposure to the commodities markets by investing in commodity-linked derivatives, such as commodity-linked futures, options and swaps. References herein to New AVRPX include references to the Subsidiary in respect of New AVRPX's exposure to the commodities markets.

When New AVRPX enters into derivatives transactions, it is typically required to post collateral, or "initial margin," to secure its payment or delivery obligations. New AVRPX then pays or receives margin periodically during the term of the derivative depending on changes in value of the derivative. In some cases, New AVRPX posts margin directly to a broker or FCM, and in some cases New AVRPX posts margin to its custodian under an escrow or tri-party collateral arrangement. In the case of a broker who is not an FCM, any posting of margin directly to that broker must be specifically approved by the Board. When New AVRPX posts margin directly to a broker or FCM, New AVRPX is subject to the credit risk and fraud risk of that broker or FCM with respect to that posted margin. There is generally no limit on the amount of margin that New AVRPX may post directly to a single broker or FCM or to all brokers and FCMs, and New AVRPX typically posts a significant portion of its assets in this manner. As a result, at any time New AVRPX may have substantial credit exposure to one or more brokers and/or FCMs.

For collateral purposes, in connection with certain of New AVRPX's derivatives contracts, New AVRPX invests a substantial portion of its assets in U.S. Treasury bills and other highly rated securities. Some of New AVRPX's derivatives investments and certain assets of New AVRPX related to New AVRPX's derivatives instruments may be treated as illiquid. New AVRPX may invest at the time of purchase up to 15% of its net assets in illiquid securities.

The Adviser has broad discretion to allocate New AVRPX's assets among derivative types and asset classes and to determine whether and how to hedge New AVRPX's exposures and how much leverage to apply. In constructing the portfolio, the Adviser seeks to limit New AVRPX's exposure to any single asset class by making investments related to a variety of asset classes. Further, within each asset class, the Adviser seeks to cause New AVRPX to have exposures to multiple underlying assets, geographic regions, economic sectors and maturities. The Adviser seeks to allocate New AVRPX's assets dynamically in response to supply and demand for risk transfer services in the global markets, typically with a total amount of overall portfolio risk exposure estimated to be consistent with an annual portfolio volatility of approximately 10% on average over a long period of time. However, the Adviser will not actively adjust the portfolio in response to short term deviations in the portfolio's trailing realized volatility from its long-run target. With the exception of certain asset diversification tests under the Code, there is no stated limit on the percentage of assets New AVRPX can invest in a particular instrument or the percentage of assets New AVRPX will allocate to any one asset class, and at times New AVRPX may focus on a small number of instruments or asset classes.

Additional Information on Derivatives Strategy.

More detailed information about some of the derivative contracts New AVRPX may enter into is below.

Options Generally. Options are a type of derivative instrument through which option sellers assume conditional obligations to option buyers relating to the Underlying Reference.

Options positions are marked to market daily. The value of options is affected by changes in the Underlying Reference and the remaining time to the options' expiration, as well as trading conditions in the options market.

New AVRPX generally intends to sell call options that are out-of-the-money, meaning that option exercise prices generally will be higher than (1) the current level of the applicable Underlying Reference or (2) the market price of the applicable Underlying Reference at the time the options are written. New AVRPX generally intends to sell put options that are out-of-the-money (*i.e.*, the exercise price generally will be below the current level of the applicable Underlying Reference when the option is written) or at-the-money (*i.e.*, the exercise price generally will be the same as the current level of the applicable Underlying Reference when the option is written). The percentage of New AVRPX's portfolio value against which call and put options are sold may vary over time. As noted above, New AVRPX may sell options that are substantially out-of-the-money and/or only slightly out-of-the-money; in certain circumstances, New AVRPX may also trade in-the-money options. Typically, in-the-money option transactions arise when the Adviser determines that the premium offered compensates reasonably for the risk assumed.

Call Options. A call option is a contract that entitles the purchaser to receive from the seller the Underlying Reference in exchange for a fixed price (the strike price of the call option) on or before the expiration date of the option or a cash payment (in the case of a cash-settled option contract) equal to the amount of any appreciation in the value of the Underlying Reference over the strike price as of the exercise date of the option. Upon entering into the position, a premium is paid by the purchaser to the seller. When an index call option is exercised, the seller is required to deliver an amount of cash determined by the excess, if any, of the value of the index at contract termination over the strike price of the option. When a physically-settled call option is exercised, the seller is required to deliver the underlying instrument. New AVRPX may write call options on an underlying instrument it does not own (*i.e.*, "naked" call options). If the option seller of a physically-settled call option does not own the underlying instrument, it may be required to purchase it to meet the delivery requirements of the contract and there can be no assurance that the instrument would be available to buy or available at a favorable price at that time.

Put Options. A put option is a contract that entitles the purchaser to receive from the seller a fixed price (the strike price of the put option) in exchange for the Underlying Reference on or before the expiration date of the option or a cash payment (in the case of a cash settled option contract) equal to the amount of any depreciation in the value of the Underlying Reference below a fixed price (the strike price of the put option) as of the exercise date of the option. Upon entering into the position, a premium is paid by the purchaser to the seller. When an index put option is exercised, the put option seller is required to deliver an amount of cash determined by the shortfall, if any, of the value of the Underlying Reference at contract termination below the strike price of the option. A physically-settled put option on an individual instrument is a contract that entitles the purchaser to sell the instrument at a fixed price (the strike price of the put option) on or before the exercise date of the option in exchange for the payment of an up-front premium by the purchaser to the seller. When a physically-settled put option is exercised, the put option seller is required to purchase the instrument. New AVRPX may write put options on an underlying instrument it is not short (*i.e.*, "naked" put options).

Futures Contracts and Options on Futures Contracts. New AVRPX will engage in transactions in futures contracts and options on futures contracts. Futures contracts are standardized, exchange-traded contracts that obligate a purchaser to take delivery, and a seller to make delivery, of a specific amount of an Underlying

Reference at a specified future date at a specified price. A futures contract on an index is an agreement pursuant to which two parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract originally was written. Although the value of an index might be a function of the value of certain specified securities or other instruments or values, physical delivery is not always made. New AVRPX also is authorized to purchase or sell call and put options on futures contracts.

Swaps. In a swap transaction, two parties generally agree to exchange the returns (or differentials in rates of return) earned or realized on a particular predetermined Underlying Reference, which can be adjusted for an interest rate factor. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount" (*i.e.*, the return on or increase in value of a particular dollar amount invested in a particular security or other asset or in a "basket" of securities representing a particular index). Other types of swap agreements may calculate the obligations of the parties to the agreement on a "net basis." Consequently, a party's current obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount"). An equity swap is an agreement in which at least one party's payments are based on the rate of return of an equity security or equity index. The other party's payments can be based on a fixed rate, a non-equity variable rate or even a different equity index.

Subsidiary. Under an investment management agreement with the Subsidiary, the Adviser provides the Subsidiary with the same type of management services as the Adviser provides to New AVRPX in respect of New AVRPX's exposure to commodity interests. To the extent the Adviser receives compensation for providing such services to the Subsidiary, the Adviser will not receive compensation from New AVRPX in respect of the assets of New AVRPX that are invested in the Subsidiary. New AVRPX does not currently intend to sell or transfer all or any portion of its ownership interest in the Subsidiary. New AVRPX reserves the right to establish an additional subsidiary or subsidiaries, subject to approval of the Board.

U.S. Treasury Obligations. These include Treasury bills (which have maturities of one year or less when issued), Treasury notes (which have maturities of one to ten years when issued) and Treasury bonds (which have maturities of more than ten years when issued). Treasury securities are backed by the full faith and credit of the United States as to timely payments of interest and repayments of principal. Similar to other issuers, changes to the financial condition or credit rating of a government may cause the value of New AVRPX's investment in Treasury obligations to decline.

New AVRPX can also buy or gain exposure to U.S. Treasury securities whose interest coupons have been "stripped" by a Federal Reserve Bank, zero-coupon U.S. Treasury securities described below and Treasury Inflation-Protection Securities ("TIPS"). The U.S. Treasury securities called "TIPS" are designed to provide an investment that is not vulnerable to inflation. The interest rate paid by TIPS is fixed. The principal value rises or falls semi-annually based on changes in the published Consumer Price Index. If inflation occurs, the principal and interest payments on TIPS are adjusted to protect investors from inflationary loss. If deflation occurs, the principal and interest payments will be adjusted downward, although the principal will not fall below its face amount at maturity.

Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

Borrowing and Leverage. New AVRPX may obtain leverage through borrowings in seeking to achieve its investment objective. New AVRPX's borrowings, which would typically be in the form of loans from banks, may be on a secured or unsecured basis and at fixed or variable rates of interest. The 1940 Act requires New AVRPX to maintain continuous asset coverage of not less than 300% with respect to all borrowings. This means that the value of New AVRPX's total indebtedness may not exceed one-third of the value of its total assets (including such indebtedness). New AVRPX also may borrow money from banks or other lenders for temporary purposes in an amount not to exceed 5% of New AVRPX's assets. Such temporary borrowings are not subject to the asset coverage requirements discussed above. Investments or trading practices that involve contractual obligations to pay in the future are subject to the same requirements unless New AVRPX designates liquid assets in an amount New AVRPX believes to be equal to New AVRPX's contractual obligations (marked-to-market on a daily basis) or, for certain instruments, appropriately "covers" such obligations with offsetting positions. Borrowing money involves transaction and interest costs. New AVRPX may pay a commitment fee or other fees to maintain a line of credit, and will pay interest on amounts it borrows.

New AVRPX may enter into derivatives contracts with total notional value greater than the assets of New AVRPX. Notional value refers to the nominal or face amount that is used to calculate payments on a derivative contract and is distinguishable from the market value of a derivative contract, which reflects the outstanding obligation under the contract and is usually less than the notional value. This practice will generally be seen to create investment leverage for New AVRPX, which can have the effect of magnifying New AVRPX's exposure to the swings in prices of an Underlying Reference and may also result in increased volatility in New AVRPX's NAV because it could cause New AVRPX's NAV to be more sensitive to changes in the value of the Underlying Reference. This means New AVRPX will have the potential for greater gains, as well as the potential for greater losses, than if New AVRPX owned its assets on an unleveraged basis. The value of an investment in New AVRPX will be more volatile and other risks tend to be compounded if and to the extent that New AVRPX is exposed to leverage.

Securities Lending. New AVRPX may earn additional income from lending securities. The value of securities loaned may not exceed 33⅓% of the value of New AVRPX's total assets, which includes the value of collateral received. To the extent New AVRPX loans a portion of its securities, it will generally receive collateral consisting of cash or U.S. government securities. Collateral received will be marked to market daily and will generally be at least equal at all times to the value of the securities on loan. Subject to its stated investment policies, New AVRPX will generally invest cash collateral received for the loaned securities in securities of the U.S. Government or its agencies, repurchase agreements collateralized by securities of the U.S. Government or its agencies and unaffiliated registered and unregistered money market funds. For purposes of this paragraph, agencies include both agency debentures and agency mortgage backed securities.

Portfolio Turnover. Portfolio turnover will not be a limiting factor should the Adviser deem it advisable to purchase or sell securities. A mutual fund with a high turnover rate (100% or more) may generate more capital gains, including short-term capital gains, which are taxable as ordinary income when distributed to shareholders, and pay more commissions (which may reduce return) than a fund with a lower rate. Capital gains distributions (which reduce the after-tax returns of shareholders holding Fund shares in taxable accounts) will be made to shareholders if offsetting capital loss carryforwards do not exist. Portfolio turnover information for New AVRPX is not presented because New AVRPX has not completed its first fiscal year of operations as of the date of this prospectus.

Changes to New AVRPX's Investment Policies. New AVRPX'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."

Cash Management and Temporary Defensive Positions. During unusual market conditions, New AVRPX 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. New AVRPX 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 New AVRPX may use alternative investment strategies in an effort to limit its losses, it may choose not to do so.

More Information on the Risks of Investing

Investors should carefully consider New AVRPX's risks and investment objective, as an investment in New AVRPX may not be appropriate for all investors and is not designed to be a complete investment program. An investment in New AVRPX involves a high degree of risk. It is possible that investing in New AVRPX 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.

New AVRPX is subject to the principal risks described below, whether through New AVRPX's direct investments, investments by its Subsidiary or derivatives positions. The allocation of New AVRPX's portfolio in the Subsidiary will vary over time and might not always include all of the different types of investment and risk described herein. As with any mutual fund, there is no guarantee that New AVRPX will achieve its investment objective. You could lose all or part of your investment in New AVRPX, and New AVRPX could underperform other investments.

Derivatives Risk. New AVRPX invests in a variety of derivatives, including put and call options, futures contracts, options on futures contracts, forward contracts, swaps, swaptions (i.e., contracts that give a counterparty the right (but not the obligation) to enter into a new swap agreement or to shorten, extend, cancel or otherwise modify an existing swap agreement, at some designated future time on specified terms) and other exchange-traded and OTC derivatives contracts. 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. Derivatives are financial contracts the value of which depends on, or is derived from, the 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 they are designed to track. New AVRPX may invest in derivatives to generate income from premiums, for investment purposes and for hedging and risk management purposes. Derivatives risk may be more significant when derivatives are used to enhance return or as a substitute for a cash investment option, rather than solely to hedge the risk of a position held by New AVRPX. Certain of New AVRPX's derivative positions involve the risk that, if the volatility of the Underlying References is greater than expected, New AVRPX will bear losses to the extent of its obligations under the relevant derivative contracts, which may not be outweighed by the amount of any premiums received for the sale of such derivative instruments. See the Statement of Additional Information for additional information of the various types and uses of derivatives in New AVRPX's strategy.

OTC derivatives are not traded on exchanges or standardized; rather, banks and dealers act as principals in these markets negotiating each transaction on an individual basis. There have been periods during which certain banks or dealers have refused to quote prices for OTC derivatives contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and the price at which they are prepared to sell. There is no limitation on the daily price movements of OTC derivatives. Principals in the OTC derivatives markets have no obligation to continue to make markets in the OTC derivatives traded.

During periods of market disruptions or stress, New AVRPX 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 counterparty risk. OTC derivatives are generally highly illiquid. 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 New AVRPX realizes when it closes or sells an OTC derivative. Valuation risk is more pronounced when New AVRPX 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, under collateralization and/or errors in the calculation of New AVRPX's NAV.

New AVRPX's use of derivatives may not be effective or have the desired results. For example, New AVRPX may not be able to capture the variance risk premium to the extent that it makes an investment with respect to which the realized volatility of the Underlying Reference equals or exceeds the investment's implied volatility. This may happen when the value of the Underlying Reference moves in an unexpected direction or to an unanticipated degree. Moreover, suitable derivatives will not be available in all circumstances. The Adviser may decide not to use derivatives to hedge or otherwise reduce New AVRPX's risk exposures, potentially resulting in losses for New AVRPX.

Many derivatives have embedded leverage (i.e., a notional value in excess of the assets needed to establish and/or maintain the derivative position). Derivatives in which New AVRPX may invest (e.g., options, futures contracts, options on futures contracts, swaps and swaptions) may have embedded leverage, depending on their specific terms. As a result, adverse changes in the value or level of the Underlying Reference may result in a loss substantially greater than the amount invested in the derivative itself (see "Borrowing and Leverage Risk" below).

New AVRPX’s use of derivatives may be subject to special tax rules, which are in some cases uncertain under current law and could affect the amount, timing and character of distributions to shareholders. See “How to Redeem Shares — Distributions and Federal Income Tax Matters” below.

The SEC has proposed a new Rule 18f-4 under the 1940 Act (which, as of the date of this prospectus, has not been adopted) that would place significant limits on the use of derivatives and other senior securities by registered investment companies, such as New AVRPX. If the rule were to take effect in the form proposed, it could require New AVRPX to alter its investment strategy.

Specific risks involved in the use of certain types of derivatives in which New AVRPX may invest include:

Options Risk. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived and well-executed options program may be adversely affected by market behavior or unexpected events. Successful options strategies may require the anticipation of future movements in Underlying Reference prices, interest rates and other economic factors. No assurances can be given that the Adviser’s judgment in this respect will be correct. New AVRPX may be restricted in respect of the type of Underlying References that it is permitted to acquire or take delivery (for example, a physical commodity, such as corn), in the case of options that are not cash settled; these restrictions may affect the returns to New AVRPX.

The market price of written options will be affected by many factors, including changes in the market price of the Underlying Reference; changes in dividend rates, interest rates, exchange rates or other economic factors affecting the Underlying Reference or options markets generally, as applicable; changes in the realized or perceived volatility of the relevant market and Underlying Reference; and the time remaining before an option’s expiration.

The market price of options, particularly OTC options, may be adversely affected if the market for the options becomes less liquid or smaller. New AVRPX may close out a written option position by buying the option instead of letting it expire or be exercised. There can be no assurance that a liquid market will exist when New AVRPX seeks to close out an option position by buying or selling the option. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or clearinghouse may not at all times be adequate to handle current trading volume; or (vi) a regulator or one or more exchanges could, for economic or other reasons, decide to discontinue the trading of options (or a particular class or series of options) at some future date. If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist.

New AVRPX’s options positions will be marked to market on each day that New AVRPX strikes its NAV. New AVRPX’s options transactions will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which such options are traded. These limitations govern the maximum number of options in each class that may be written or purchased by a single investor or group of investors acting in concert, regardless of whether the options are written or purchased on the same or different exchanges, boards of trade or other trading facilities or are held or written in one or more accounts or through one or more brokers. Thus, the number of options that New AVRPX may sell or purchase may be affected by options sold or purchased by other investment advisory clients of the Adviser. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and may impose certain other sanctions.

Options writing can cause New AVRPX’s share price to be highly volatile, and it may be subject to sudden and substantial losses.

Call Option Risk. When a call option is exercised, New AVRPX, as the seller, will generally be required to deliver the Underlying Reference (unless the contract calls for cash settlement). Accordingly, potential losses on written covered call options can be equal to the appreciation of the Underlying Reference in excess of the option exercise price. In addition, New AVRPX continues to bear the risk of a decline in the value of the Underlying Reference. By writing covered call options on its portfolio assets, New AVRPX may be unable to sell the Underlying Reference until the option expires or is exercised and may be less likely to sell the Underlying Reference to take advantage of new investment opportunities. As a seller of single instrument call options, if New AVRPX does not own the Underlying Reference, it may be required to purchase the asset to meet the requirements of the contract. Thus, the exercise of call options sold by New AVRPX may require New AVRPX to sell portfolio assets to generate cash at inopportune times or for unattractive prices.

The purchaser of an index call option has the right to receive a cash payment equal to any appreciation in the value of the index over the strike price of the call option as of the valuation date of the option. Because their exercise is settled in cash, sellers of index call options such as New AVRPX cannot cover their potential settlement obligations by acquiring and holding the Underlying Reference. As the writer of index call options, New AVRPX will be responsible, during the option's life, for any increases in the value of the index above the strike price of the call option. When an index call option is exercised, New AVRPX will be required to deliver an amount of cash determined by the excess of the value of the index at contract termination over the strike price of the option. Accordingly, New AVRPX's potential losses on writing index call options are extensive.

When New AVRPX writes (sells) a call option, it faces the risk that it will experience a loss if the option purchaser exercises the option sold by New AVRPX. If New AVRPX purchases a call option it will face the risk that that it will experience a loss if New AVRPX does not sell the option at a profit or if, during the call period, the market price of the Underlying Reference is less than the sum of the exercise price plus the transaction costs and the premium paid for the option.

Put Option Risk. Put options written by New AVRPX may be physically settled, requiring the Underlying Reference to be received by New AVRPX upon exercise of the option or, alternatively, may have cash settlement provisions. New AVRPX may be required to take delivery of an Underlying Reference that it does not want to have in its portfolio upon the exercise of the put option by the option buyer while paying a price for that instrument in excess of its current market price. Accordingly, losses on written put options can be substantial. While the risk of selling put options in a spread transaction may be mitigated by New AVRPX's purchase of offsetting options at a lower exercise price (thereby capping the maximum loss potential) there can be no assurance that offsetting options will be available to allow New AVRPX to close out its written options.

The purchaser of an index put option has the right to receive a cash payment equal to any depreciation in the value of the index below the strike price of the put option as of the valuation date of the option. Because their exercise is settled in cash, sellers of index put options such as New AVRPX cannot cover their potential settlement obligations by selling short the Underlying Reference. As the writer of index put options, New AVRPX will be responsible, during the option's life, for any decreases in the value of the index below the strike price of the put option. When an index put option is exercised, New AVRPX will be required to deliver an amount of cash determined by the excess of the strike price of the option over the value of the index at contract termination. Accordingly, the potential losses from writing index put options can be substantial.

When New AVRPX writes (sells) a put option, it faces the risk that it will experience a loss if the option purchaser exercises the option sold by New AVRPX. If New AVRPX purchases a put option it will face the risk that that it will experience a loss if New AVRPX does not sell the option at a profit or if, during the exercise period, the market price of the Underlying Reference is greater than an amount equal to the exercise minus the transaction costs and the premium paid for the option.

Options on Futures Risk. New AVRPX may enter into options on futures contracts. An option on a futures contract gives the buyer, in return for the premium paid, the right (but not the obligation) to either buy or sell the underlying futures contract during a certain period of time for a fixed price. The writing of a put or call option on a futures contract involves risks similar to the risks applicable to the purchase or sale of futures contracts. However, the difficulty of predicting changes in the value of the underlying futures contract may expose New AVRPX to a somewhat different set of risks. For example, variations in speculative market demand for futures on the relevant Underlying Reference can cause the value of the futures to change at an unanticipated time or to an unanticipated degree; this or other factors may bring the value of the underlying future closer to the option's strike price, increasing the potential for risk of loss to New AVRPX. To the extent that New AVRPX enters into options on futures contracts for hedging purposes, an imperfect correlation between this derivative position and the value of the instrument underlying such a position could lead to losses.

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 positions underlying 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 New AVRPX seeks to close out a futures contract, and New AVRPX would remain obligated to meet margin requirements until the position is closed.

Forwards Risk. Forward contracts, including currency forwards, 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. Forwards are therefore subject to the risks associated with OTC derivatives generally. 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 New AVRPX.

Swaps Risk. The use of swaps involves investment techniques and risks that are different from those associated with portfolio security transactions. Like forwards, these instruments are typically not traded on exchanges and, in such cases, are subject to the risks associated with OTC derivatives generally. 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 New AVRPX or that New AVRPX 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 New AVRPX. For cleared swaps, New AVRPX's counterparty is a clearinghouse rather than a bank or broker. Since New AVRPX is not a member of the clearinghouses and only members of a clearinghouse ("clearing members") can participate directly in the clearinghouse, New AVRPX holds cleared swaps through accounts at clearing members. In cleared swaps, New AVRPX 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 funds than bilateral arrangements. For example, New AVRPX 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 New AVRPX, 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 New AVRPX to pursue its investment strategy. Further, any increase in margin requirements by a clearing member could expose New AVRPX 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. Credit risk of market participants with respect to derivatives that are centrally cleared is concentrated in a few clearinghouses, and it is not clear how an insolvency proceeding of a clearinghouse would be conducted and what impact an insolvency of a clearinghouse would have on the financial system. New AVRPX might not be fully protected in the event of the bankruptcy of New AVRPX's clearing member because New AVRPX would be limited to recovering only a pro rata share of New AVRPXs held by the clearing member on behalf of customers for cleared derivatives. Although a clearing member is required to segregate assets from customers with respect to cleared derivatives positions from the clearing member's proprietary assets, if a clearing member does not comply with the applicable regulations, or in the event of fraud or misappropriation of customer assets by a clearing member, New AVRPX could have only an unsecured creditor claim in an insolvency of the clearing member with respect to the assets held by the clearing member.

Also, New AVRPX 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 New AVRPX's behalf. In those cases, the position might have to be terminated, and New AVRPX 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 New AVRPX and clearing members is drafted by the clearing members and generally is less favorable to New AVRPX than typical bilateral derivatives documentation.

Additionally, some types of cleared derivatives are required to be executed on an exchange or on a swap execution facility. A swap execution facility is a trading platform where multiple market participants can execute derivatives by accepting bids and offers made by multiple other participants in the platform. While this execution requirement is designed to increase transparency and liquidity in the cleared derivatives market, trading on a swap execution facility can create additional costs and risks for New AVRPX. For example, swap execution facilities typically charge fees, and if New AVRPX executes derivatives on a swap execution facility through a broker intermediary, the intermediary may impose fees as well. Also, New AVRPX may be required to indemnify a swap execution facility, or a broker intermediary who executes cleared derivatives on a swap execution facility on New AVRPX's behalf, against any losses or costs that may be incurred as a result of New AVRPX's transactions on the swap execution facility.

The U.S. government and the European Union have adopted mandatory minimum margin requirements for bilateral derivatives. As a general matter, under such requirements, New AVRPX's transactions are subject to variation margin requirements and, depending on the aggregate notional value of bilateral derivatives entered into by New AVRPX, initial margin requirements may apply in the near future. Such requirements could increase the amount of margin New AVRPX needs to provide in connection with its derivatives transactions and, therefore, make derivatives transactions more expensive.

These and other new rules and regulations could, among other things, further restrict New AVRPX's ability to engage in, or increase the cost to New AVRPX of, derivatives transactions, for example, by making some types of derivatives no longer available to New AVRPX, increasing margin or capital requirements or otherwise limiting liquidity or increasing transaction costs. Certain aspects of these regulations are still being implemented, so their potential impact on New AVRPX and the financial system is not yet known. While the 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 New AVRPX 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. New AVRPX's obligations under a swap agreement will be accrued daily (offset against any amounts owed to New AVRPX under the swap).

Swaptions Risk. New AVRPX also may enter into swaptions. A swaption is a contract that gives a counterparty the right (but not the obligation) to enter into a new swap agreement or to shorten, extend, cancel or otherwise modify an existing swap agreement, at some designated future time on specified terms. New AVRPX may write (sell) and purchase put and call swaptions. Depending on the terms of the particular option agreement, New AVRPX will generally incur a greater degree of risk when it writes a swaption than it will incur when it purchases a swaption. When New AVRPX purchases a swaption, it risks losing only the amount of the premium it has paid should it decide to let the option expire unexercised. However, when New AVRPX writes a swaption, it becomes obligated (if the option is exercised) according to the terms of the underlying agreement.

Counterparty Risk. New AVRPX'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, New AVRPX will still have contractual remedies but may not be able to enforce them. New AVRPX 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 New AVRPX. In addition, in the event of a counterparty bankruptcy, New AVRPX may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding or may obtain a limited or no recovery of amounts due to it under the derivative contract, including the return of any collateral that has been provided to the counterparty. Because the contract for each OTC derivative is individually negotiated, the counterparty may interpret contractual terms differently than New AVRPX and, if it does, New AVRPX may decide not to pursue its claims against the counterparty to avoid incurring the cost and unpredictability of legal proceedings. New AVRPX, 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 New AVRPX has incurred the costs of litigation.

New AVRPX may invest in derivatives that (i) do not require the counterparty to post collateral (*e.g.*, foreign currency forwards), (ii) require a counterparty to post collateral but do not provide for New AVRPX's security interest in it to be perfected, (iii) require a significant upfront deposit by New AVRPX 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, New AVRPX runs the risk of having limited recourse if the counterparty defaults. Even when obligations are required by contract to be collateralized, New AVRPX often will not receive the collateral the day the collateral is required to be posted. When a counterparty's obligations are not fully secured by a perfected security interest in collateral, New AVRPX runs a greater risk of not being able to recover what it is owed if the counterparty defaults because it is essentially an unsecured creditor of the counterparty. Also, in the event of a counterparty's (or its affiliate's) insolvency, the possibility exists that New AVRPX's ability to exercise remedies, such as the termination of transactions, netting of obligations and realization on collateral, could be stayed or eliminated under new special resolution regimes adopted in the United States, the European Union and various other jurisdictions. Such regimes provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty. In particular, the regulatory authorities could reduce, eliminate or convert to equity the liabilities to New AVRPX of a counterparty who is subject to such proceedings in the European Union (sometimes referred to as a "bail in").

Margin Risk. In connection with entering into certain types of derivatives transactions (e.g., options and futures), New AVRPX (directly or through its Subsidiary) may post margin directly to a broker or FCM, which will typically re-hypothecate that margin (i.e., use the margin posted by New AVRPX for its own transactions, including as collateral in another transaction by the broker or FCM) to a clearinghouse or another broker or FCM. Prior to re-hypothecation, margin so posted may be held in commingled accounts with margin from other clients of that broker or FCM. The margin maintained by these brokers and FCMs is not subject to the regulatory protections provided by bank custody arrangements commonly employed by investment companies. If margin posted to a broker or FCM is re-hypothecated, neither New AVRPX nor the broker or FCM, as applicable, will have possession of the margin. Margin posted by New AVRPX to a broker or FCM is exposed to the credit risk and fraud risk of that broker or FCM. There is generally no limit on the amount of margin that New AVRPX may post directly to a single broker or FCM or to all brokers and FCMs, and New AVRPX typically posts a significant portion of its assets in this manner. As a result, at any time New AVRPX may have substantial credit exposure to one or more brokers and/or FCMs. In the event of the insolvency or liquidation of a broker or FCM to whom New AVRPX has posted collateral, New AVRPX is likely to experience substantial delays in recovering its margin, or it may not be able to recover it at all. Any inability or unwillingness of a broker or FCM to meet its obligation to return margin to New AVRPX, including by reason of insolvency or liquidation, or any improper activity involving such broker or FCM would likely result in a substantial loss to New AVRPX. In some foreign (non-U.S.) markets, brokerage arrangements may provide significantly less protection than in the U.S., potentially exposing New AVRPX to credit and other risks that it does not have in the U.S.

Hedging with Derivatives Risks. The use of hedging strategies requires special skills and knowledge of investment techniques that are different than what is required for normal portfolio management. If the Adviser uses a hedging strategy at the wrong time or judges market conditions incorrectly, hedging strategies may reduce New AVRPX's return. New AVRPX could also experience losses if the prices of its futures and options positions were not correlated with its other investments.

There is a risk in using short hedging by selling futures, entering into swaps or purchasing puts on broadly-based indices or futures to attempt to protect against declines in the value of New AVRPX's portfolio assets. The risk is that the prices of the futures or the value of the swap or the applicable index will correlate imperfectly with the behavior of the cash prices of New AVRPX's assets. For example, it is possible that while New AVRPX has used derivative instruments in a short hedge, the market may advance, and the value of the assets held in New AVRPX's portfolio might decline. If that occurred, New AVRPX would lose money on the derivative instruments and also experience a decline in the value of its portfolio assets. If New AVRPX has used derivatives to hedge or otherwise reduce New AVRPX's risk exposure to a particular position and then disposes of that position at a time at which it cannot also settle, terminate or close out the corresponding hedge position, this may create short investment exposure. Certain "short" derivative positions involve investment leverage, and the amount of New AVRPX's potential loss is theoretically unlimited.

The risk of imperfect correlation increases as the composition of New AVRPX's portfolio diverges from the assets included in the applicable index. To compensate for the imperfect correlation of movements in the price of the portfolio securities being hedged and movements in the price of the hedging instruments, New AVRPX might use derivative instruments in a greater dollar amount than the dollar amount of portfolio assets being hedged. It might do so if the historical volatility of the prices of the portfolio assets being hedged is more than the historical volatility of the applicable index.

The ordinary spreads between prices in the cash and futures markets are subject to distortions, due to differences in the nature of those markets. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions which could distort the normal relationship between the cash and futures markets. Second, the liquidity of the futures market depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced, thus producing distortion. Third, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities markets. Therefore, increased participation by speculators in the futures market may cause temporary price distortions.

New AVRPX can use derivative instruments to establish a position in the market as a temporary substitute for the purchase of individual securities or other assets (long hedging) by buying futures and/or calls on such futures, broadly-based indices or on securities or other assets. It is possible that when New AVRPX does so the market might decline. If New AVRPX then concludes not to invest the assets because of concerns that the market might decline further or for other reasons, New AVRPX will realize a loss on the hedge position that is not offset by a reduction in the price of the assets purchased.

Commodities Risk. The market price of the commodities instruments to which New AVRPX is exposed can be extremely volatile and may be adversely affected by changes in overall market movements, commodity index volatility, changes in interest rates, currency fluctuations or factors affecting a particular industry or commodity, such as livestock disease, embargoes, tariffs and international economic, political and regulatory developments. No, or a limited, active trading market may exist for certain commodities investments, which may impair the ability to sell or to realize the full value of such investments in the event of the need to liquidate such investments. In addition, adverse market conditions may impair the liquidity of actively traded commodities investments. Therefore, New AVRPX's exposure to the commodities markets can cause the NAV of New AVRPX to decline or fluctuate in a rapid and unpredictable manner.

Actions of and changes in governments, and political and economic instability, in commodity-producing and exporting countries may affect the production and marketing of commodities. In addition, commodity-related industries throughout the world are subject to greater political, environmental, and other governmental regulation than many other industries. Changes in government policies and the need for regulatory approvals may adversely affect the products and services of companies in the commodities industries. For example, the exploration, development, and distribution of coal, oil, and gas in the United States are subject to significant federal and state regulation, which may affect rates of return on coal, oil, and gas, and the kinds of services that the federal and state governments may offer to companies in those industries. In addition, compliance with environmental and other safety regulations has caused many companies in commodity-related industries to incur production delays and significant costs. Government regulation also may impede the development of new technologies. The effect of future regulations affecting commodity-related industries cannot be predicted.

Management and Operational Risk; Cyber-Security Risk. New AVRPX is subject to management risk because it relies on the Adviser's ability to achieve its investment objective. New AVRPX runs the risk that the Adviser's investment techniques will fail to produce desired results and cause New AVRPX 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 and may fail to use derivatives effectively. In addition, the Adviser's workforce, as well as the workforces of New AVRPX's other service providers and counterparties, may also be adversely affected by the COVID-19 pandemic or efforts to mitigate the pandemic, including government-mandated shutdowns, requests or orders for employees to work remotely, and other social distancing measures, which could result in an adverse impact on New AVRPX's ability to conduct its business.

Any imperfections, errors or limitations in quantitative analyses and models used by the Adviser as part of its investment process could affect New AVRPX'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.

New AVRPX 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 New AVRPX from benefiting from potential investment gains or avoiding losses.

New AVRPX and its service providers' use of internet, technology and information systems may expose New AVRPX to potential risks linked to cyber-security breaches of those technological or information systems. Cyber-security breaches could allow unauthorized parties to gain access to proprietary information, customer data or Fund assets, or cause New AVRPX or its service providers to suffer data corruption or lose operational functionality. With the increased use of technology, mobile devices and cloud-based service offerings and dependence on the internet and computer systems to perform necessary business functions, investment companies (such as New AVRPX) and their service providers (including the Adviser) may be prone to operational and information security risks resulting from cyber attacks and/or other technological malfunctions. In general, cyber attacks are deliberate, but unintentional events may have similar effects. Cyber attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, ransomware, releasing confidential information without authorization, and causing operational disruption. Successful cyber attacks against, or security breakdowns of, New AVRPX, the Adviser, or the custodian, Transfer Agent or other third-party service provider may adversely affect New AVRPX or its shareholders. For instance, cyber attacks may interfere with the processing of shareholder transactions, interfere with quantitative models, affect New AVRPX's ability to calculate its NAV, cause the release of private shareholder information or confidential Fund information, impede trading, cause reputational damage, result in theft of Fund assets and subject New AVRPX to regulatory fines, penalties or financial losses, reimbursement or other compensation costs and additional compliance costs. Similar types of cyber-security risks are also present for New AVRPX's derivatives counterparties, which could result in material adverse consequences for such counterparties, and may cause New AVRPX's investment in such derivatives to lose value. While the Adviser has established business continuity plans and systems that it believes are reasonably designed to prevent cyber attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been, or cannot be, identified. Service providers may have limited indemnification obligations to the Adviser or New AVRPX, each of whom could be negatively impacted as a result.

Illiquidity Risk. Illiquidity risk is the risk that the investments held by New AVRPX may be difficult or impossible to sell at the time that New AVRPX would like without significantly changing the market value of the investment. New AVRPX may invest at the time of purchase up to 15% of its net assets in illiquid securities. New AVRPX'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 New AVRPX. New AVRPX may be unable to sell its investments, even under circumstances when the Adviser believes it would be in the best interests of New AVRPX 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 New AVRPX is able to sell such instruments. Illiquid investments may involve greater risk than liquid 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 New AVRPX's operations require cash (such as in connection with redemptions) and could result in New AVRPX borrowing to meet its short-term needs or incurring losses on the sale of illiquid instruments.

Borrowing and Leverage Risk. New AVRPX may obtain financing to meet redemption requests, to make investments (i.e., to make additional portfolio investments) and to address cash flow timing mismatches, and may obtain leverage through derivative instruments that afford New AVRPX economic leverage. Therefore, New AVRPX is subject to leverage risk. New AVRPX's borrowings, which would typically be in the form of loans from banks, may be on a secured or unsecured basis and at fixed or variable rates of interest. Leverage magnifies New AVRPX's exposure to declines in the value of one or more Underlying References or creates investment risk with respect to a larger pool of assets than New AVRPX would otherwise have and may be considered a speculative technique. The value of an investment in New AVRPX will be more volatile and other risks tend to be compounded if and to the extent that New AVRPX borrows or uses derivatives or other investments that have embedded leverage.

New AVRPX's ability to obtain leverage through borrowings is dependent on its ability to establish and maintain an appropriate line of credit or other borrowing facility. Borrowing gives rise to interest expense and may require New AVRPX to pay other fees. Unless the rate of return, net of applicable Fund expenses, on New AVRPX's investments exceeds the costs to New AVRPX of the leverage it utilizes, the investment of New AVRPX's net assets attributable to leverage will generate less income than will be needed to pay the costs of the leverage to New AVRPX, resulting in a loss to New AVRPX, even if the rate of return on those assets is positive. To the extent New AVRPX is able to secure financing, fluctuations in interest rates could increase the costs associated with New AVRPX's use of certain forms of leverage, and such costs could reduce New AVRPX's return.

In addition to any more stringent terms imposed by a lender, the 1940 Act requires New AVRPX to maintain continuous asset coverage of not less than 300% with respect to all borrowings. To satisfy 1940 Act requirements in connection with leverage or to meet obligations, New AVRPX may be required to dispose of portfolio securities when such disposition might not otherwise be desirable to maintain continuous asset coverage of not less than 300%. Engaging in such transactions may cause New AVRPX to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. There can be no assurance that New AVRPX's use of leverage will be successful.

Epidemic and Pandemic Risk. As of the date of this prospectus, an outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 has resulted, and the outbreak of an infectious illness has in the past resulted and could in the future result, in travel restrictions and disruptions, closed borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, quarantines, event cancellations and restrictions, service cancellations or reductions, disruptions to business operations, supply chains and customer activity, lower consumer demand for goods and services, as well as general concern and uncertainty that can negatively affect the economic environment. The impact of the COVID-19 pandemic or any future epidemic or pandemic that may arise could adversely affect the economies of many nations or the entire global economy, the financial performance of individual issuers, borrowers and sectors and the health of capital markets and other markets generally in potentially significant and unforeseen ways. The COVID-19 crisis and any other public health crisis that may arise may also exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak or any such future outbreak and its effects cannot be determined with certainty. The foregoing could lead to a significant economic downturn or recession, increased market volatility, a greater number of market closures, higher default rates and adverse effects on the values and liquidity of securities or other assets. Such impacts, which may vary across asset classes, may adversely affect the performance of New AVRPX's investments, New AVRPX and your investment in New AVRPX. The impact of COVID-19 or any other public health crisis that may arise may also heighten the other risks disclosed in this prospectus.

Principal Risks of the Underlying References. New AVRPX is also subject to the principal risks of the asset classes noted below, whether through New AVRPX's (i) derivatives positions or other investments that provide exposure to the Underlying References, (ii) investments in ETFs, (iii) investments through its Subsidiary or (iv) direct investments.

Equity Investing Risk. Equity investing risk is the risk that the value of equity instruments to which New AVRPX 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. Although equities have historically generated higher average returns than debt securities over the long term, equity securities also have experienced significantly more volatility in returns. Equities to which New AVRPX will 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 dividend risk than debt instruments of such issuers. Finally, the prices of equities are also sensitive to rising interest rates, as the costs of capital rise and borrowing costs increase.

Larger Company Risk. The equity securities of large-capitalization companies can perform differently from other segments of the equity market or the equity market as a whole. Companies with large capitalization tend to go in and out of favor based on market and economic conditions and, while they can be less volatile than companies with smaller market capitalizations, they may also be less flexible in evolving markets or unable to implement change as quickly as their smaller counterparts. Accordingly, the value of equity securities issued by large-capitalization companies may not rise to the same extent as the value of equity securities issued by small or mid-cap companies under certain market conditions or during certain periods.

Smaller Company Risk. New AVRPX may invest in small companies that are considered "mid-cap," "small-cap" or "micro-cap" companies. Securities of smaller companies are often less liquid than those of larger companies. This could make it difficult to sell a smaller company security at a desired time or price. In general, smaller companies are also more vulnerable than larger companies to adverse business or economic developments, and they may have more limited resources. As a result, prices of smaller company securities may fluctuate more than those of larger companies. Historically, securities of smaller companies have been more volatile in price than securities of larger companies.

Preferred Securities Risk. 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 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. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred stock of larger companies.

Debt Investing Risk. The values of debt securities (and other income-producing securities, such as preferred securities and convertible securities) to which New AVRPX is exposed 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 (such as zero-coupon securities). Debt securities with floating interest rates can be less sensitive to interest rate changes, although, to the extent New AVRPX's income is based on short-term interest rates that fluctuate over short periods of time, income received by New AVRPX 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. In response to an interest rate decline, debt securities that provide the issuer with the right to call or redeem the security prior to maturity may be called or redeemed. If a debt security is repaid more quickly than expected, New AVRPX may not be able to reinvest the proceeds at the same interest rate, reducing the potential for gain. 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, and New AVRPX may lose money as a result. 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 difficult to value during such periods. Over the past decade, governmental financial regulators, including the U.S. Federal Reserve, have taken steps to maintain historically low interest rates by purchasing bonds. To the extent the U.S. Federal Reserve raises interest rates in the future, there is a risk that rates across the financial system may rise, which could have an adverse effect on prices for debt securities and on the management of New AVRPX.

In addition, while debt securities markets have consistently grown over the past three decades, the capacity for traditional dealer counterparties to engage in debt securities trading has not kept pace and in some cases has decreased. As a result, dealer inventories of debt securities, which provide a core indication of the ability of financial intermediaries to "make markets," are at or near historic lows in relation to market size. Because market makers provide stability to a market through their intermediary services, any significant reduction in dealer inventories could potentially lead to decreased liquidity and increased volatility in the debt securities markets.

Credit Risk. The value of a debt security depends on the issuer's credit quality or ability to pay principal and interest when due. 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. 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.

Below-Investment-Grade Securities and Unrated Securities Risk. New AVRPX 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. Below-investment-grade debt securities, which are commonly called "junk bonds," are rated below BBB- by S&P Global Ratings ("S&P") or Baa3 by Moody's Investors Service, Inc., ("Moody's"), or have comparable ratings by another rating organization. Accordingly, certain of New AVRPX'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 being subject to greater levels of risk related to changes in interest rates (in the case of debt securities), credit risk (including a greater risk of default) and illiquidity risk. The ability of the issuer 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. New AVRPX may also have exposure without limit in investments that are unrated and judged by the Adviser to be of below-investment-grade quality.

Analysis of the creditworthiness of issuers of below-investment-grade investments may be more complex than for issuers of higher-quality investments, and New AVRPX's ability to achieve its investment objective may, to the extent New AVRPX has exposure to below-investment-grade investments, be more dependent upon the Portfolio Managers' credit analysis than would be the case if New AVRPX had exposure to higher-quality investments. The issuers of these investments 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 New AVRPX's value to be more volatile. Certain investments of New AVRPX may be downgraded to below-investment-grade status (or may be judged by the Adviser to be of comparable quality) after New AVRPX purchases them.

Convertible Securities Risk. 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.

Currency Risk. The value of currencies to which New AVRPX is exposed can be volatile and fluctuate as a result of changes in overall market movements, real or perceived inflationary trends, stock market volatility, changes in interest rates, population growth and changing demographics, or factors affecting a particular country or region, such as international market, economic, industry, political and regulatory developments. Liquidity may be limited for certain currency derivatives, which may impair the ability to buy or sell such derivatives. In addition, adverse market conditions may cause liquidity to decrease. New AVRPX's exposure to currency markets can cause the NAV of New AVRPX to decline or fluctuate.

Subsidiary Risk. By investing through its Subsidiary, New AVRPX is exposed to the risks associated with the Subsidiary's investments. The commodity-linked investments that may be held by the Subsidiary are generally similar to those that are permitted to be held by New AVRPX and are subject to the same risks that apply to similar investments if held directly by New AVRPX. The Subsidiary is not registered as an investment company under the 1940 Act and is not subject to all of the investor protections of the 1940 Act, although the Subsidiary is managed pursuant to the compliance policies and procedures of New AVRPX applicable to it. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of New AVRPX and/or the Subsidiary to operate as described in this prospectus and could adversely affect New AVRPX.

Market Risk. The value of New AVRPX's investments may decline, sometimes rapidly or unpredictably, due to general economic conditions that are not specifically related to a particular issuer, 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 New AVRPX'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.

Volatility Risk. New AVRPX's investment in volatility-linked derivative instruments is subject to the risk that the market value of a security or index will increase or decrease, sometimes rapidly and unpredictably, based upon changes in an issuer's financial condition and/or overall market and economic conditions. The effect of changes in volatility on New AVRPX is subject to the Adviser's ability to forecast volatility in an accurate and timely manner, which may depend on particular market conditions and other factors that are beyond the control of the Adviser. The Adviser's volatility forecasts may be incorrect, and the volatility-linked derivative contracts entered into by New AVRPX based on the Adviser's volatility forecasts may not achieve the intended effect.

Portfolio Volatility Risk. The Adviser typically seeks to allocate New AVRPX's assets so that there is a total amount of overall portfolio risk exposure estimated to be consistent with an annual portfolio volatility of approximately 10% on average over a long period of time. However, there can be no assurance that the Adviser's efforts to target 10% annual portfolio volatility will be successful, and average annual portfolio volatility over any particular time period may be greater or less than this target. The Adviser will not actively adjust the portfolio in response to short term deviations in the portfolio's trailing realized volatility from its long-run target. If average annual portfolio volatility exceeds the target over any particular time period, New AVRPX could experience greater losses than it otherwise would on any assets for which the variance risk premium is negative during such period. Conversely, if average annual portfolio volatility is less than the target over any particular time period, New AVRPX could experience smaller gains than it otherwise would on any assets for which the variance risk premium is positive during such period.

Short Sale Risk. Short sales are transactions in which New AVRPX sells 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. New AVRPX 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 New AVRPX must replace the borrowed asset or otherwise close out the transaction and such loss may exceed the initial investment. Under adverse market conditions, New AVRPX 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 New AVRPX does not own the underlying asset creates a form of investment leverage, which can magnify New AVRPX's exposure to changes in the value of the asset. Because New AVRPX may enter into short sales with respect to assets that it does not already own, the loss to New AVRPX 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 New AVRPX may be required to pay in connection with a short sale. There can be no assurance that New AVRPX will be able to close out a short sales position at an advantageous time or price. To the extent that New AVRPX 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. New AVRPX intends to qualify for treatment as a regulated investment company ("RIC") under Subchapter M of Chapter 1 of the Internal Revenue Code of 1986, as amended (the "Code"). In order to qualify for such treatment, New AVRPX 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. New AVRPX's investment strategy will potentially be limited by its intention to qualify for treatment as a RIC. The tax treatment of certain of New AVRPX'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 or a change in law might affect New AVRPX's ability to qualify for such treatment.

If, in any year, New AVRPX were to fail to qualify for treatment as a RIC under the Code for any reason, and were not able to cure such failure, New AVRPX would be treated as a "C corporation" and, as such, 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.

Due to New AVRPX's options strategies, a substantial portion of New AVRPX's income potentially will consist of short-term capital gains. Distributions of New AVRPX's short-term capital gains are taxable to shareholders as ordinary income, will not constitute qualified dividend income and will not qualify for the dividends-received deduction. In addition, shareholders will not be able to offset distributions of New AVRPX's net short-term capital gains with capital losses that they recognize in respect of their other investments.

Foreign Investing Risk. Investments in securities of foreign issuers involve risks not ordinarily associated with exposure to securities and instruments of U.S. issuers. For example, foreign companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Foreign securities exchanges, brokers and companies may be subject to less government supervision and regulation than exists in the U.S. New AVRPX's exposure to foreign securities may be subject to withholding and other foreign taxes, which may adversely affect the net return on such investments. Fluctuations in foreign currency exchange rates and exchange controls may adversely affect the market value of New AVRPX's indirect and direct investments in foreign securities (see "Currency Risk" above). New AVRPX may not be able to pass through to its shareholders foreign income tax credits in respect of a portion of or all foreign income taxes it pays. There may be difficulty in obtaining or enforcing a court judgment abroad. The willingness and ability of foreign governmental entities to pay principal and interest on government securities depends on various economic factors, including the issuer's balance of payments, overall debt level and cash-flow considerations related to the availability of tax or other revenues to satisfy the issuer's obligations. If a foreign governmental entity defaults on its obligations on the securities, the holder of such securities may have limited recourse available to it. The laws of some foreign countries may limit New AVRPX's ability to gain exposure to securities of certain issuers located in those countries. In addition, it may be difficult to effect repatriation of capital invested in certain countries. In addition, with respect to certain countries, there are risks of expropriation, confiscatory taxation, political or social instability or diplomatic developments that could affect New AVRPX's assets held in foreign countries. There may be less publicly available information about a foreign company than there is regarding a U.S. company. Foreign securities markets may have substantially less volume than U.S. securities markets and some foreign company securities are less liquid than securities of otherwise comparable U.S. companies. Foreign markets also have different clearance and settlement procedures that could cause New AVRPX to encounter difficulties in purchasing and selling securities on such markets and may result in New AVRPX missing attractive investment opportunities or experiencing a loss. In addition, a portfolio that includes exposure to securities issued by foreign issuers can expect to have a higher expense ratio because of the increased transaction costs in foreign markets and the increased costs of maintaining the custody of such foreign securities. Investing in foreign securities may result in New AVRPX experiencing more rapid and extreme changes in value than a fund that obtains exposure exclusively in securities of U.S. issuers.

ADRs, or American Depositary Receipts, are dollar-denominated depositary receipts issued generally by domestic banks and representing the deposit with the bank of a security of a foreign issuer, and are publicly traded on exchanges or over-the counter in the United States. Investing in these instruments exposes New AVRPX to credit risk with respect to the issuer of the ADR, in addition to the risks of the underlying foreign securities, such as changes in political or economic conditions of other countries and changes in the exchange rates of foreign currencies. The value of ADRs will rise and fall in response to the activities of the company that issued the securities represented by the depositary receipts, general market conditions and/or economic conditions. ADRs may be purchased through "sponsored" or "unsponsored" facilities. A sponsored facility is established jointly by the issuer of the underlying security and a depositary, whereas a depositary may establish an unsponsored facility without participation by the issuer of the depositary security. Holders of unsponsored ADRs generally bear all the costs of such ADRs, and the issuers of unsponsored ADRs frequently are under no obligation to distribute shareholder communications received from the company that issues the underlying foreign securities or to pass through voting rights to the holders of the ADRs. As a result, there may not be a correlation between such information and the market values of unsponsored ADRs.

Emerging Markets Risk. Obtaining exposure to emerging market securities and currencies entails all of the risks associated with foreign (non-U.S.) investments (see "Foreign Investing Risk"), but to a heightened degree. Compared to foreign developed markets, exposure to emerging markets may involve heightened volatility, greater political, regulatory, legal and economic uncertainties, less liquidity, dependence on particular commodities or international aid, high levels of inflation, greater custody risk and certain special risks associated with smaller companies. Additional risks of emerging market securities may include: greater political uncertainty and instability (including the risk of war or natural disaster); increased risk of nationalization, expropriation or other confiscation of assets of issuers to which New AVRPX is exposed; greater risk of default (by both government and private issuers); more substantial governmental involvement in the economy; less governmental supervision and regulation; differences in, or lack of, auditing and financial reporting standards, which may result in unavailability of material information about issuers; less developed legal systems; inability to purchase and sell investments or otherwise settle security or derivative transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; slower clearance and settlement; difficulties in obtaining and/or enforcing legal judgments; and significantly smaller market capitalizations of issuers. In addition, foreign investors, including New AVRPX, may be required to register the proceeds of sales and future economic or political crises could lead to price controls, forced reorganizations, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies. Emerging market securities may be subject to currency transfer restrictions and may experience delays and disruptions in securities settlement procedures. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Government Securities Risk. New AVRPX may invest in securities issued or guaranteed by the U.S. government (including U.S. Treasury obligations which differ in their interest rates, maturities and times of issuance) or its agencies and instrumentalities (such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac)). U.S. government securities are subject to market risk, risks related to changes in interest rates and credit risk. Securities, such as those issued or guaranteed by Ginnie Mae or the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity and the market prices for such securities will fluctuate. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of interest or principal. This would result in losses to New AVRPX. Securities issued or guaranteed by U.S. government related organizations, such as Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. government and no assurance can be given that the U.S. government would provide financial support. Therefore, U.S. government-related organizations may not have the funds to meet their payment obligations in the future. As a result of their high credit quality and market liquidity, U.S. Government securities generally provide a lower current return than obligations of other issuers.

The U.S. Treasury Department placed Fannie Mae and Freddie Mac into conservatorship in September 2008. Fannie Mae and Freddie Mac are continuing to operate as going concerns while in conservatorship and each remains liable for all of its obligations, including its guaranty obligations, associated with its mortgage-backed securities. Although the U.S. government has provided financial support to Fannie Mae and Freddie Mac, there can be no assurance that it will continue to support these or other government-sponsored entities in the future. Further, the benefits of any such government support may extend only to the holders of certain classes of an issuer's securities.

Foreign Government Obligations and Securities of Supranational Entities Risk. Exposure to foreign government obligations and the sovereign debt of emerging market countries makes New AVRPX vulnerable to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities or in which the issuers are located. The ability and willingness of sovereign obligors in emerging market countries or the governmental authorities that control repayment of their debt to pay principal and interest on such debt when due may depend on general economic and political conditions within the relevant country. Certain countries in which New AVRPX may have investment exposure have historically experienced, and may continue to experience, high rates of inflation, high interest rates and extreme poverty and unemployment. Some of these countries are also characterized by political uncertainty or instability. Additional factors that may influence the ability or willingness of a foreign government or country to service debt include a country's cash flow situation, the availability of sufficient foreign exchange on the date a payment is due, the relative size of its debt service burden to the economy as a whole and its government's policy towards the International Monetary Fund, the International Bank for Reconstruction and Development and other international agencies. The ability of a foreign sovereign obligor to make timely payments on its external debt obligations also will be strongly influenced by the obligor's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates and the extent of its foreign reserves. A governmental obligor may default on its obligations. Some sovereign obligors in emerging market countries have been among the world's largest debtors to commercial banks, other governments, international financial organizations and other financial institutions. These obligors, in the past, have experienced substantial difficulties in servicing their external debt obligations, which led to defaults on certain obligations and the restructuring of certain indebtedness.

Securities Lending Risk. As with other extensions of credit, there are risks of delay and costs involved in recovery of securities or even loss of rights in the securities loaned or in the collateral if the borrower of the securities fails to return the securities in a timely manner or at all, or fails financially. These delays and costs could be greater with respect to foreign securities. New AVRPX may pay lending fees to the party arranging New AVRPX's securities loans. Securities lending collateral may be invested in liquid, short-term investments, such as money market funds, managed by third party advisers or banks. New AVRPX bears the risk of investments made with the cash collateral received by New AVRPX in securities lending transactions. Investments of cash collateral may depreciate and/or become illiquid, although New AVRPX remains obligated to return the collateral amount to the borrower upon termination or maturity of the securities loan and may realize losses on the collateral investments and/or be required to liquidate other portfolio assets in order to satisfy its obligations.

Focused Investment Risk. To the extent that New AVRPX focuses its exposures in asset classes, sectors, industries, countries, regions, companies or issuers that are subject to the same or similar risks, New AVRPX will be subject to greater overall risk than if New AVRPX's exposures were less focused. To the extent New AVRPX focuses its exposures in a specific asset class, sector or industry, it will be exposed to events affecting that asset class, sector or industry. Asset classes, sectors, industries, companies or issuers with similar characteristics are often subject to many of the same risks and/or regulatory regimes and often respond in a similar manner to particular economic, market, political or other development. Similarly, to the extent New AVRPX has exposure to a significant extent in investments tied economically to a specific geographic region, country or a particular market, it will have more exposure to regional and country economic risks than it would if it had more geographically diverse investments.

Portfolio Turnover. A change in the securities held by New AVRPX is known as "portfolio turnover." New AVRPX engages in active and frequent trading to try to achieve its investment objective. If New AVRPX 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 New AVRPX's performance. Portfolio turnover will not be a limiting factor should the Adviser deem it advisable to purchase or sell securities.

Other Risks of Investment in New AVRPX

Money Market Instruments. New AVRPX may invest in money market instruments, which are U.S. dollar-denominated, high-quality, short-term debt obligations, to provide liquidity, for temporary defensive purposes or for other purposes. Money market instruments may have fixed, variable or floating interest rates. Examples of money market instruments include obligations issued or guaranteed by the U.S. government (or any of its agencies or instrumentalities); bank obligations, such as time deposits, certificates of deposit and bankers' acceptances; commercial paper; and variable amount master demand notes.

Cash Management and Temporary Defensive and Interim Investments Risk. For cash management or temporary defensive purposes in times of adverse or unstable market, economic or political conditions, New AVRPX can invest up to 100% of its assets in investments that may be inconsistent with its principal investment strategy. Generally, New AVRPX would invest in money market instruments or in other short-term U.S. or foreign government securities. New AVRPX 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 New AVRPX invests in these securities, it might not achieve its investment objective. The value of the investments held by New AVRPX for cash management or temporary defensive purposes may be affected by changing interest rates and by changes in credit ratings of the investments. To the extent that New AVRPX has any uninvested cash, New AVRPX will be subject to risk with respect to the depository institution holding the cash. To the extent New AVRPX makes temporary or defensive investments in cash or cash equivalents, it might not achieve its investment objective.

Expense Risk. Your actual costs of investing in New AVRPX 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. New AVRPX's expense limitation agreement, which generally remains in effect for a period of one year, mitigates this risk. However, there is no assurance that the Adviser will renew such expense limitation agreement from year-to-year.

Disclosure of Portfolio Holdings

A description of New AVRPX's policies and procedures with respect to the disclosure of their portfolio holdings is available in the Statement of Additional Information. The holdings of each Portfolio are disclosed quarterly in filings with the SEC on Form N-PORT as of the end of the first and third quarters of New AVRPX's fiscal year and on Form N-CSR as of the second and fourth quarters of New AVRPX's fiscal year. You can find the SEC filings on the SEC's website, www.sec.gov.

See the Reorganization SAI for additional information about New AVRPX, including additional information regarding the various types and uses of derivatives in New AVRPX's strategy.

COMPARISON OF FUNDAMENTAL INVESTMENT RESTRICTIONS

This Appendix D contains information which highlights the differences in the fundamental investment restrictions of Existing AVRPX and New AVRPX. For purposes of this discussion, a "fundamental" investment restriction is one that may not be changed without a shareholder vote.

The investment restrictions set forth in the table below are fundamental policies of Existing AVRPX and New AVRPX, and may not be changed with respect to each fund without shareholder approval by vote of a majority of the outstanding voting shares of such fund. Each of Existing AVRPX and New AVRPX has the following fundamental investment restrictions.

Existing AVRPX	New AVRPX
(1) Senior Securities	
May issue senior securities to the extent permitted by applicable law.	
(2) Borrowing	
May borrow money to the extent permitted by applicable law.	
(3) Underwriting	
May underwrite securities to the extent permitted by applicable law.	
(4) Real Estate	
May purchase, sell or hold real estate to the extent permitted by applicable law.	May purchase or sell real estate to the extent permitted by applicable law.
(5) Lending	
May make loans to the extent permitted by applicable law.	
(6) Commodities	
May purchase and sell commodities to the extent permitted by applicable law.	May purchase or sell commodities to the extent permitted by applicable law.
(7) Concentration	
May not invest 25% or more of its total assets in a particular industry (other than securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities).	May not invest more than 25% of its net assets in a particular industry or group of industries (other than securities issued or guaranteed by the U.S. government or its agencies or instrumentalities).
(8) Repurchase Offers	
On a quarterly basis, in the months of March, June, September and December, Existing AVRPX will make an offer to repurchase a designated percentage of the outstanding shares from shareholders (a "Repurchase Offer"), pursuant to Rule 23c-3 under the 1940 Act, as it may be amended from time to time.	As an open-end fund, New AVRPX has no analogous policy.

Existing AVRPX	New AVRPX
Existing AVRPX will repurchase shares that are tendered by a specific date (the “Repurchase Request Deadline”). The Board will establish the Repurchase Request Deadline for each Repurchase Offer. The Repurchase Request Deadline will ordinarily be on a date approximately seven days before the date on which Existing AVRPX’s net asset value applicable to the Repurchase Offer is determined (the “Repurchase Pricing Date”) but may be revised by the Adviser, in its sole discretion, based on factors such as market conditions, the level of Existing AVRPX’s assets and shareholder servicing considerations; *provided*, that the Board is notified of this change and the reasons for it.	
There will be a maximum 14 calendar day period (or the next business day if the 14th calendar day is not a business day) between the Repurchase Request Deadline and the Repurchase Pricing Date.	

Where applicable, the foregoing investment restrictions shall be interpreted based on the applicable rules, regulations and pronouncements of the SEC and its Staff.

For purposes of construing restriction (7), a large economic or market sector shall not be construed as a single industry or group of industries.

In addition, Existing AVRPX has adopted the following fundamental policy with respect to repurchase offers, changeable only by a majority vote of the outstanding voting securities of Existing AVRPX.

For purposes of the foregoing, “majority of the outstanding” voting shares means (i) 67% or more of such outstanding voting securities present at a meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy, or (ii) more than 50% of the outstanding voting securities, whichever is less.

APPENDIX E

INFORMATION APPLICABLE TO NEW AVRPX

Management and Organization

Investment Adviser

Stone Ridge Asset Management LLC is New AVRPX's investment adviser. The Adviser was organized as a Delaware limited liability company in 2012. Its primary place of business is at 510 Madison Avenue, 21st Floor, New York, NY 10022. The Adviser's primary business is to provide a variety of investment management services, including an investment program for New AVRPX. The Adviser is responsible for all business activities and oversight of the investment decisions made for New AVRPX. As of September 30, 2020, the Adviser's assets under management were approximately $10 billion.

In return for providing management services to New AVRPX, New AVRPX pays the Adviser an annual fee in the amount of 1.50% of the average daily net assets of New AVRPX. This fee may be reduced as a result of the contractual expense limitation agreement discussed in Overview — "6. How do the management fees and other expenses of the Funds compare, and what are they estimated to be following the Proposed Reorganization?" above. Existing AVRPX paid the Adviser an annual fee in the amount of 2.00% of the average daily net assets of Existing AVRPX during its fiscal year ended October 31, 2019.

A discussion regarding the basis of the Board's approval of the investment advisory contract between Stone Ridge Trust, on behalf of New AVRPX, and the Adviser will be available in New AVRPX's first annual or semi-annual report to shareholders, as applicable, which is expected to be the semi-annual report for the period ended April 30, 2021.

Portfolio Managers

Nathaniel Conrad and Li Song are the Portfolio Managers of New AVRPX. Mr. Conrad and Mr. Song have been Portfolio Managers of New AVRPX since its inception. Each of the Portfolio Managers also is a portfolio manager of other registered investment companies, including Existing AVRPX.

Nathaniel Conrad. Nathaniel Conrad, Portfolio Manager of New AVRPX, is responsible for the day-to-day management of New AVRPX and its investments jointly with Mr. Song. Prior to joining Stone Ridge in 2016, Mr. Conrad worked at Goldman Sachs as the senior trader in Interest Rates Electronic Trading. Mr. Conrad received his BSE in Computer Information Science from the University of Pennsylvania's Engineering School.

Li Song. Li Song, Portfolio Manager of New AVRPX, is responsible for the day-to-day management of New AVRPX and its investments jointly with Mr. Conrad. Prior to joining Stone Ridge in 2018, Mr. Song worked at Goldman Sachs as a senior strategist in Emerging Markets foreign exchange, interest rate, options and credit products. Mr. Song received his PhD, M.Phil., and M.A. in Statistics from Columbia University and his B.S. in Mathematics at the University of Science and Technology of China.

Adviser's Investment Committee

The Adviser has established an Investment Committee (the "Committee"), which oversees the investment policies and strategies of the Adviser and monitors risk within the funds advised by the Adviser, including New AVRPX.

The members of the Committee, and their professional background and experience, are as follows:

Daniel Fleder. Mr. Fleder joined Stone Ridge in 2016. Mr. Fleder is the Chair of the Committee and serves as Head of Risk at Stone Ridge. Mr. Fleder was previously Head of Markets and Head of Variance Risk Premium at Stone Ridge. Mr. Fleder received his PhD in Operations Research and MS in Statistics from the University of Pennsylvania (Wharton) and BSE in Engineering from the University of Pennsylvania (Engineering School).

Robert Gutmann. Mr. Gutmann is a co-founder of Stone Ridge. Mr. Gutmann has held a variety of leadership roles at Stone Ridge, including Head of Product Development and Execution and his current role as Head of Digital Asset Strategies. Mr. Gutmann received his B.A. in Mathematics and Music from Columbia University.

Ross Stevens. Mr. Stevens founded Stone Ridge in 2012, and serves as Chief Executive Officer. Mr. Stevens received his PhD in Finance and Statistics from the University of Chicago (Booth) and his BSE in Finance from the University of Pennsylvania (Wharton).

Yan Zhao. Ms. Zhao is a co-founder of Stone Ridge. Ms. Zhao has held a variety of leadership roles at Stone Ridge, including Head of Reinsurance and her current role as Head of Flourish. Ms. Zhao holds an MBA from Harvard Business School and a BA in Economics from Harvard University.

Distributor and Transfer Agent

ALPS Distributors, Inc., 1290 Broadway, Suite 1000, Denver, Colorado 80203, is New AVRPX's distributor. U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund services, 615 East Michigan Street, Milwaukee, Wisconsin 53202, is New AVRPX's Transfer Agent, administrator (the "Administrator") and accounting agent. The Adviser pays fees to the Distributor as compensation for the services it renders. New AVRPX compensates the Transfer Agent for its services.

Shareholder Information

Fund Closings

New AVRPX may close at any time to new investments and, during such closings, only the reinvestment of dividends by existing shareholders will be permitted. New AVRPX may re-open to new investment and subsequently close again to new investment at any time at the discretion of the Adviser. During any time New AVRPX is closed to new investments, Fund shareholders will continue to be able to redeem their shares, as described below.

How Fund Share Prices Are Calculated

The NAV per share of New AVRPX's shares is determined by dividing the total value of New AVRPX's portfolio investments, cash and other assets, less any liabilities (including accrued expenses or dividends), by the total number of shares outstanding. New AVRPX's shares are valued as of a particular time (the "Valuation Time") on each day that the NYSE opens for business. (1) The Valuation Time is ordinarily at the close of regular trading on the NYSE (normally 4:00 p.m. Eastern time). In unusual circumstances, the Valuation Time may be at a time other than 4:00 p.m. Eastern time, for example, in the event of an earlier, unscheduled close or halt of trading on the NYSE. Current NAV per share of New AVRPX may be obtained by contacting the Transfer Agent by telephone at (855) 609-3680.

In accordance with the regulations governing registered investment companies, New AVRPX'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 New AVRPX values its investments (the "Valuation Procedures"). The Board has established an Adviser Valuation Committee made up of employees of the Adviser to which the Board has 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 New AVRPX under the Valuation Procedures:

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, loans, mortgage-backed securities, collateralized mortgage obligations and other asset-backed securities (except event-linked bonds) are valued by an independent pricing service at an evaluated (or estimated) mean between the closing bid and asked prices.

For investments in investment companies that are registered under the 1940 Act or closed-end interval funds that are registered under the 1940 Act, the value of the shares of such funds is calculated based upon the net asset value per share 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 New AVRPX's investments in publicly-traded foreign equity securities generally will be the closing or final trading prices in the local trading markets but may be adjusted based on values determined by a pricing service using pricing models designed to estimate 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).

Generally, New AVRPX must value its assets using market quotations when they are readily available. If, with respect to any portfolio instrument, market quotations are not readily available or available market quotations are deemed to be unreliable by the Adviser Valuation Committee, then such instruments will be valued as determined in good faith by the Adviser Valuation Committee. In these circumstances, New AVRPX 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 Adviser Valuation Committee of any information or factors it deems appropriate.

Fair value pricing may require subjective determinations about the value of a portfolio instrument. Fair values 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 New AVRPX. 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 New AVRPX.

A substantial portion of New AVRPX's investments are 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 New AVRPX'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 New AVRPX 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 New AVRPX's shares may change on days when an investor is not able to purchase, redeem or exchange shares. The calculation of New AVRPX's NAV may not take place contemporaneously with the determination of the prices of foreign securities used in NAV calculations.

Investing in New AVRPX

Eligibility to Buy Shares

Shares generally are available for investment only by clients of registered investment advisers and a limited number of certain other Eligible Investors (as defined below). Certain investors may purchase shares directly from New AVRPX by first contacting the Adviser at (855) 609-3680 to notify the Adviser of the proposed investment. Once notification has occurred, if approved, the investor will be directed to New AVRPX's Transfer Agent to complete the purchase transaction.

All investments are subject to approval of the Adviser, and all investors must complete and submit the necessary account registration forms in good order. New AVRPX 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 New AVRPX, the Transfer Agent, the Distributor, an intermediary or an intermediary's authorized designee if received at a time when New AVRPX is open to new investments. A purchase order is in "good order" when New AVRPX, the Transfer Agent, the Distributor, an 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 New AVRPX (or one of its authorized agents described above) accepts a purchase order, you may not cancel or revoke it. New AVRPX reserves the right to cancel any purchase order it receives if New AVRPX believes that it is in the best interest of New AVRPX's shareholders to do so.

Clients of investment advisory organizations may also be subject to investment advisory and other 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, former employees, shareholders, members and directors and affiliates of the Adviser and New AVRPX or each of their affiliates, and friends and family members of such persons; and
5. Investment professionals or other financial intermediaries investing for their own accounts and their immediate family members.

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

Shares of New AVRPX generally may be sold only to U.S. citizens, U.S. residents and U.S. domestic corporations, partnerships, trusts or estates. New AVRPX 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 investment is $500,000.

These minimums may be waived or reduced in certain circumstances, and they may be modified and/or applied in the aggregate for certain intermediaries that submit trades on behalf of underlying investors (e.g., registered investment advisers or benefit plans). Differences in the policies of different intermediaries may include different minimum investment amounts. There is no minimum for subsequent investments. All share purchases are subject to approval of the Adviser.

Other Policies

No Certificates

The issuance of shares is recorded electronically on the books of New AVRPX. 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 New AVRPX you own. You can rely on these statements in lieu of certificates. New AVRPX does not issue certificates representing shares of New AVRPX.

Involuntary Redemptions

New AVRPX reserves the right to redeem an account if the value of the shares in New AVRPX is $1,000 or less for any reason, including market fluctuation. Before New AVRPX redeems such shares and sends the proceeds to the shareholder, it will notify the shareholder that the value of the shares in the account is less than the minimum amount and will allow the shareholder 60 days to make an additional investment in an amount that will increase the value of the account(s) to the minimum amount specified above before the redemption is processed. As a sale of your Fund shares, this redemption may have tax consequences.

In addition, New AVRPX reserves the right under certain circumstances to redeem all or a portion of an account, without consent of or other action by the shareholder. New AVRPX may exercise this right, for example, if a shareholder invests in a share class for which the shareholder was not eligible at the time of investment.

How to Buy Shares

How to Buy Shares

New AVRPX has authorized the Transfer Agent and Distributor to receive orders on its behalf, and the Distributor has authorized select intermediaries to receive orders on behalf of New AVRPX. These intermediaries may be authorized to designate other intermediaries to receive orders on New AVRPX's behalf. New AVRPX is deemed to have received an order when the Transfer Agent, the Distributor, an intermediary, or if applicable, an intermediary's authorized designee, receives the order in good order. Investors who invest in New AVRPX through an intermediary should contact their intermediary regarding purchase procedures. Investors may be charged a fee if they effect transactions through an intermediary.

Investors may purchase New AVRPX's shares directly from the Transfer Agent by calling (855) 609-3680.

All investors must complete and submit the necessary account registration forms in good order. New AVRPX reserves the right to reject any initial or additional investment and to suspend the offering of shares.

Purchase through a financial intermediary does not affect these eligibility requirements or those set out in "Investing in New AVRPX," above.

Shares of New AVRPX generally may be sold only to U.S. citizens, U.S. residents, and U.S. domestic corporations, partnerships, trusts or estates. New AVRPX reserves the right to refuse any request to purchase shares. All investments are subject to approval of the Adviser, and all investors must complete and submit the necessary account registration forms in good order. New AVRPX reserves the right to reject any initial or additional investment and to suspend the offering of shares. Purchase through a financial intermediary does not affect these eligibility requirements.

A purchase of New AVRPX's shares will be made at the NAV per share next determined following receipt of a purchase order in good order by New AVRPX, the Transfer Agent, the Distributor, an intermediary or an intermediary's authorized designee if received at a time when New AVRPX is open to new investments. A purchase, exchange or redemption order is in "good order" when New AVRPX, the Transfer Agent, the Distributor, an 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 New AVRPX (or one of its authorized agents, described above) accepts a purchase order, you may not cancel or revoke it; however, you may redeem the shares. New AVRPX may withhold redemption proceeds until it is reasonably satisfied it has received your payment. New AVRPX reserves the right to cancel any purchase or exchange order it receives if New AVRPX believes that it is in the best interest of New AVRPX's shareholders to do so.

Clients of investment advisory organizations may also be subject to investment advisory and other fees under their own arrangements with such organizations.

At the discretion of the Adviser, shares of New AVRPX may be purchased in exchange for securities that are eligible for acquisition by New AVRPX or otherwise represented in its portfolio as described in this prospectus or as otherwise consistent with the Trust's policies or procedures or in exchange for local currencies in which securities owned by New AVRPX are denominated or traded. Securities and local currencies accepted by New AVRPX for exchange and Fund shares to be issued in the exchange will be valued as set forth under "How Fund Share Prices are Calculated" at the time of the next determination of net asset value after such acceptance. All dividends, interest, subscription or other rights pertaining to such securities shall become the property of New AVRPX and, if received by the investor, must be delivered to New AVRPX by the investor upon receipt from the issuer. Investors who desire to purchase shares with local currencies should first contact the Adviser.

New AVRPX will not accept securities in exchange for shares unless: (1) such securities are, at the time of the exchange, eligible to be included, or otherwise represented, in New AVRPX; (2) current market values are available for such securities based on the Trust's valuation procedures; and (3) the investor represents and agrees that all securities offered to be exchanged are not subject to any restrictions upon their sale by New AVRPX under the 1933 Act, under the laws of the country in which the principal market for such securities exists or otherwise.

Investors who are subject to federal taxation generally will realize gain or loss for federal income tax purposes upon the exchange. The amount of such gain or loss depends upon the difference between the value of Fund shares received and the tax basis of the securities or local currency New AVRPX accepted in exchange.

Investors interested in such exchanges should contact the Adviser.

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.

In compliance with the USA PATRIOT Act of 2001, please note that the Transfer Agent or authorized intermediary will verify certain information upon account opening as part of Stone Ridge Trust's Anti-Money Laundering Program. You will be asked to supply certain required information, such as your full name, date of birth, social security number and permanent street address. If you are opening the account in the name of a legal entity (*e.g.*, partnership, limited liability company, business trust, corporation, etc.), you must also supply the identity of the beneficial owners. Mailing addresses containing only a P.O. Box may not be accepted.

If the identity of a customer cannot be verified, the account will be rejected or the customer will not be allowed to perform a transaction on the account until the customer's identity is verified. New AVRPX may also reserve the right to close the account within 5 business days if clarifying information/documentation is not received. If your account is closed for this reason, your shares will be redeemed at the NAV next calculated after the account is closed.

New AVRPX 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.

New AVRPX 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.

How to Redeem Shares

Investors who invest in New AVRPX through an intermediary should contact their intermediary regarding redemption procedures. New AVRPX is deemed to have received a redemption order when the Transfer Agent, the Distributor, an authorized intermediary, or if applicable, an intermediary's authorized designee, receives the redemption order in good order. Investors holding Fund shares directly through the Transfer Agent who desire to redeem shares of New AVRPX must first contact the Adviser at (855) 609-3680. Once notification has occurred, the investor will be directed to the Transfer Agent to complete the sale transaction. A redemption of New AVRPX's shares will be made at the NAV per share next determined following receipt of a written redemption order in good order by New AVRPX, the Transfer Agent, the Distributor, an intermediary or an intermediary's authorized designee.

The redemption of all shares in an account will result in the account being closed. A new Account Registration Form will be required for future investments. See "How to Buy Shares" above. Certificates for shares are not issued.

Payments of Redemption Proceeds

Redemption orders are valued at the NAV per share next determined after the shares are properly tendered for redemption, as described above. Payment for shares redeemed generally will be made within seven days after receipt of a valid request for redemption. New AVRPX may temporarily stop redeeming shares or delay payment of redemption proceeds when the NYSE is closed or trading on the NYSE is restricted, when an emergency exists and New AVRPX cannot sell shares or accurately determine the value of assets, or if the SEC orders New AVRPX to suspend redemptions or delay payment of redemption proceeds.

At various times, New AVRPX may be requested to redeem shares for which it has not yet received good payment. If this is the case, the forwarding of proceeds may be delayed until payment has been collected for the purchase of the shares. The delay may last seven days or more. New AVRPX intends to forward the redemption proceeds as soon as good payment for purchase orders has been received. This delay may be avoided if shares are purchased by wire transfer. Although New AVRPX generally intends to pay cash for all shares redeemed using cash held by New AVRPX or generated by New AVRPX through selling cash equivalents, selling investments, or using overdraft provisions or lines of credit, New AVRPX reserves the right, under certain circumstances (such as stressed market conditions), to make a redemption payment, in whole or in part, in portfolio securities that have a market value at the time of redemption equal to the redemption price. In cases where New AVRPX uses assets other than cash for redemption payments, the value of the non-cash assets is determined as of the redemption date; consequently, as a result of changes in market prices, the value of those assets when received by the redeeming shareholder may be lower or higher than their value as of the redemption date. Investors may incur brokerage charges or other transaction costs selling securities that were received in payment of redemptions.

You can arrange for cash proceeds of a redemption to be sent by wire transfer to a single previously designated bank account if you have given authorization for expedited wire redemption on your Account Application. This redemption option does not apply to shares held in broker "street name" accounts. If a request for a wire redemption is received by New AVRPX prior to the close of the NYSE, the shares will be redeemed that day at the next determined NAV, and the proceeds will generally be sent to the designated bank account the next business day. The bank must be a member of the Federal Reserve wire system. Delivery of the proceeds of a wire redemption request may be delayed by New AVRPX for up to seven days if deemed appropriate under then current market conditions. Redeeming shareholders will be notified if a delay in transmitting proceeds is anticipated. New AVRPX cannot be responsible for the efficiency of the Federal Reserve wire system or the shareholder's bank. You are responsible for any charges imposed by your bank. New AVRPX reserves the right to terminate the wire redemption privilege. To change the name of the single bank account designated to receive wire redemption proceeds, you must send a written request with a signature guarantee to New AVRPX, c/o U.S. Bank Global Fund Services, 615 East Michigan Street, Milwaukee, Wisconsin 53202, or contact your financial intermediary.

Signature guarantees can be obtained from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program and the Securities Transfer Agents Medallion Program, but not from a notary public.

New AVRPX and/or the Transfer Agent or your financial intermediary reserve the right to require a signature guarantee in other instances based on the circumstances.

Dividend Reinvestment Plan

Dividends and capital gains distributions are treated in accordance with the instructions on your account opening form, and either are automatically reinvested, without sales charges, or are distributed to you in cash.

Your taxable income is the same regardless of which option you choose. As long as you hold Fund shares, you may change your election to participate in the dividend reinvestment plan by notifying the Transfer Agent or your financial intermediary, as applicable.

For further information about dividend reinvestment, contact the Transfer Agent by telephone at (855) 609-3680 or contact your financial intermediary.

Distributions and Federal Income Tax Matters

This section summarizes some of the important U.S. federal income tax consequences of investing in New AVRPX. 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 foreign tax laws to you. Please see the Statement of Additional Information for additional information regarding the tax aspects of investing in New AVRPX.

New AVRPX currently intends to qualify to be treated as a "regulated investment company" under Subchapter M of Chapter 1 of the Code (a "RIC"). A RIC generally is not subject to federal income tax at New AVRPX level on income and gains that are timely distributed to shareholders. To qualify for such treatment, New AVRPX must meet certain income, asset diversification and distribution requirements.

New AVRPX's investment strategy will potentially be limited by its intention to qualify for treatment as a regulated investment company. The tax treatment of certain of New AVRPX'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 or change in law might affect New AVRPX's ability to qualify for such treatment.

If, in any year, New AVRPX were to fail to qualify for treatment as a RIC under the Code for any reason, and were not able to cure such failure, New AVRPX would be treated as a "C corporation" and, as such, 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 dividends. New AVRPX could in some cases cure such failure, including by paying a Fund-level tax or interest, making additional distributions, or disposing of certain assets.

New AVRPX invests in a wholly-owned Subsidiary that is treated as a controlled foreign corporation ("CFC") for U.S. federal income tax purposes. The Subsidiary will take steps to ensure that income recognized by New AVRPX in respect of the Subsidiary will be qualifying income and New AVRPX will limit its investments in the Subsidiary in the aggregate to 25% of New AVRPX's total assets.

New AVRPX invests substantially in foreign securities. Many or most of New AVRPX's investments in foreign securities may be CFCs for U.S. federal income tax purposes. New AVRPX will generally be required to include in gross income each year, as ordinary income that is included in net investment income, its share of certain amounts of a CFC's (including the Subsidiary's) income, whether or not the CFC distributes such amounts to New AVRPX. Under recently finalized regulations, such inclusions will be treated as "qualifying income" for purposes of the income requirement described above to the extent they are either (i) timely and currently repatriated or (ii) derived with respect to New AVRPX's business of investing in stock, securities or currencies. Investments by New AVRPX in CFCs could cause New AVRPX to recognize taxable income in excess of cash generated by such investments, potentially requiring New AVRPX to borrow money or dispose of investments to make the distributions required to qualify for treatment as a RIC and to eliminate a Fund-level tax and could affect the amount, timing and character of New AVRPX's distributions. For additional information, please refer to "Tax Status" in the Statement of Additional Information.

New AVRPX may invest in other foreign securities that are equity securities of passive foreign investment companies ("PFICs") for U.S. federal income tax purposes. A foreign issuer in which New AVRPX invests will not be treated as a PFIC with respect to New AVRPX if such issuer is a controlled foreign corporation and New AVRPX holds (directly, indirectly or constructively) 10% or more of the voting interests in or total value of such issuer. Investments in a PFIC potentially (i) accelerate the recognition of income by New AVRPX without the receipt of cash, (ii) increase the amount required to be distributed by New AVRPX to qualify as a RIC or eliminate a Fund-level tax, (iii) result in a higher percentage of Fund distributions treated as ordinary income, or (iv) subject New AVRPX to a Fund-level tax that cannot be eliminated through distributions.

New AVRPX's investment in foreign securities may be subject to foreign withholding and other taxes, which may decrease New AVRPX's return on those securities. New AVRPX may be able to pass through to you a deduction or credit for such foreign taxes, as further described in the Statement of Additional Information.

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

New AVRPX may be treated as a "dealer in securities" within the meaning of Section 475(c)(1) of the Code with respect to its alternative lending activities. Section 475 of the Code requires that a dealer must generally "mark to market" all the securities which it holds (except for securities held for investment that the dealer properly identifies as such) at the close of any taxable year. Any gain or loss realized or deemed realized with respect to a security held by a dealer, regardless of whether such gain or loss is realized as a result of an actual disposition or a deemed disposition under the mark-to-market rule, is generally treated as ordinary income or loss. The mark-to-market rule does not apply to any security held for investment that the dealer properly identifies as such. If New AVRPX is treated as a dealer in securities, such status would potentially affect the amount, timing and character of New AVRPX's distributions, including by potentially increasing the amount of distributions that are taxable to shareholders as ordinary income. Even if New AVRPX is so treated, the mark-to-market rules under Section 475 of the Code likely will not apply to all of New AVRPX's investments; in such instances, other rules of the Code would apply to determine the amount, timing and character of income.

The tax treatment of New AVRPX'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 New AVRPX and therefore the amount, timing, or character of distributions to shareholders.

New AVRPX currently intends to make distributions at least annually of all or substantially all of its net investment income and net realized capital gains, if any. If you elect to reinvest distributions, your distributions will be reinvested in additional shares of the same share class of New AVRPX at the NAV calculated as of the payment date. New AVRPX will pay distributions on a per-share basis. As a result, on the ex-dividend date of such a payment, the NAV of New AVRPX will be reduced by the amount of the payment. If you are a shareholder subject to federal income tax, you will be subject to tax on Fund distributions in the manner described herein whether they are paid in cash or reinvested in additional shares of New AVRPX. 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 New AVRPX 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 net long-term capital gains over its net short-term capital losses) that are properly reported by New AVRPX as capital gain dividends ("Capital Gain Dividends") will be taxable as long-term capital gains includible in net capital gain and taxed to individuals at reduced rates. Distributions of net gains from the sale or deemed disposition of investments that New AVRPX owned (or is deemed to have owned) for one year or less will be taxable as ordinary income.

Distributions of investment income properly reported by New AVRPX as derived from "qualified dividend income," if any will be taxed to 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, New AVRPX makes a distribution to a shareholder in excess of New AVRPX'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 that their income exceeds certain threshold amounts. "Net investment income" generally includes dividends, interest, and net gains from the disposition of investment property (including New AVRPX's ordinary income dividends, Capital Gain Dividends, and capital gains recognized on the sale, redemption, 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 a calendar year if it is declared by New AVRPX in October, November or December with a record date in such a month and paid by New AVRPX during January of the following calendar year. Early in each year, we will send you a statement showing detailed federal tax information with respect to your distributions for the prior tax year.

Distributions are taxable to you in the manner described herein even if they are paid from income or gains earned before 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 New AVRPX distribution, you will pay full price for the shares and could receive a portion of your investment back as a taxable distribution.

Any gain or loss resulting from the sale or exchange of your shares generally will be treated as 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.

Investments through tax-qualified retirement plans and other tax-advantaged investors are generally not subject to current federal income tax.

In general, dividends (other than Capital Gain Dividends) paid by New AVRPX 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 New AVRPX 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 New AVRPX 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, New AVRPX may be required to withhold under FATCA 30% of ordinary dividends New AVRPX pays to that shareholder. If a payment by New AVRPX is subject to FATCA withholding, New AVRPX or its agent is required to withhold even if such payment would otherwise be exempt from withholding under the rules applicable to foreign shareholders described above. The IRS and the Department of Treasury have issued proposed regulations providing that the gross proceeds of share redemptions or exchanges and Capital Gain Dividends New AVRPX pays will not be subject to FATCA withholding. Each prospective investor is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation, including investments through an intermediary. In addition, foreign countries have implemented or 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 New AVRPX 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.

Frequent Purchases and Sales of Fund Shares

New AVRPX does not permit market timing or other abusive trading practices. New AVRPX reserves the right, but does not have the obligation, to reject any purchase or exchange transaction at any time. In addition, New AVRPX reserves the right to suspend its offering of shares or to impose restrictions on purchases or exchanges at any time that are more restrictive than those that are otherwise stated in this prospectus with respect to disruptive, excessive or short-term trading. Shareholders will be notified of New AVRPX's intention to restrict exchanges of shares pursuant to its policies and procedures designed to deter frequent purchases and redemptions at least 60 days in advance of such action.

Excessive short-term trading or other abusive trading practices may disrupt portfolio management strategies, increase brokerage and administrative costs and hurt Fund performance. New AVRPX's management team has established procedures to mitigate these risks. See "How Fund Share Prices Are Calculated" above.

New AVRPX does not accommodate frequent purchases and redemptions of New AVRPX's shares by New AVRPX's shareholders. The Board has adopted policies and procedures designed to deter frequent purchases and redemptions. To minimize the negative effect of frequent purchases and redemptions on New AVRPX and its shareholders, New AVRPX's management team reserves the right to reject, in its sole discretion, any purchase order (including an exchange from another fund) from any investor it believes has a history of abusive trading or whose trading, in its judgment, has been or may be disruptive to New AVRPX. If New AVRPX detects that an investor has made two "material round trips" in any period (as determined by the Adviser), it will generally reject the investor's future buy orders, including exchange buy orders, involving New AVRPX. For these purposes, a "round trip" is a purchase or exchange into New AVRPX followed by a sale or exchange out of New AVRPX. A "material" round trip is one that is deemed by New AVRPX to be material in terms of its amount or its potential detrimental impact on New AVRPX. Independent of this limit, New AVRPX may, in its discretion, reject future buy orders by any person, group or account that appears to have engaged in any type of excessive trading activity. These limits generally do not apply to automated transactions or transactions by registered investment companies that invest in New AVRPX using a "fund of funds" structure. These limits do not apply to payroll deduction contributions by retirement plan participants, transactions initiated by a retirement plan sponsor or certain other retirement plan transactions consisting of rollover transactions, loan repayments and disbursements, and required minimum distribution redemptions. They may be modified or rescinded for accounts held by certain retirement plans to conform to plan limits, for considerations relating to the Employee Retirement Income Security Act of 1974 or regulations of the Department of Labor, and for certain asset allocation or wrap programs. In making this judgment, accounts known to be under common ownership or control generally will be counted together, but accounts maintained or managed by a common entity generally will not be considered to be under common ownership or control. New AVRPX retains the right to modify these restrictions at any time without prior notice to shareholders.

On a periodic basis, the Adviser will review transaction history reports and will identify redemptions that are within a specific time period from a previous purchase in the same account(s) in New AVRPX, or in multiple accounts that are known to be under common control. Redemptions meeting these criteria will be investigated for possible inappropriate trading.

Certain accounts, and omnibus and other multi-investor accounts (together, "Omnibus Accounts") in particular, include multiple investors and typically provide New AVRPX with a net purchase or redemption request on any given day. In these cases, purchases and redemptions of Fund shares are netted against one another and the identity of individual purchasers and redeemers whose orders are aggregated may not be known by New AVRPX. Therefore, it becomes more difficult for New AVRPX's management team to identify market timing or other abusive trading activities in these accounts, and New AVRPX's management team may be unable to eliminate abusive traders in these accounts from New AVRPX. Identification of abusive traders may further be impaired by limitations of the operational systems and other technical issues. Whenever abusive or disruptive trading is identified, New AVRPX's management team will encourage omnibus account holders to address such trading activity directly.

New AVRPX, the Adviser or their designees will have the ability, pursuant to Rule 22c-2 under the 1940 Act, to request information from intermediaries, such as 401(k) plan administrators, trust companies and broker dealers, concerning trades placed in Omnibus Accounts, in order to attempt to monitor trades that are placed by the underlying shareholders of these Omnibus Accounts.

Due to the complexity and subjectivity involved in identifying market timing and other abusive trading practices, there can be no assurance that New AVRPX's efforts will identify all market timing or abusive trading activities. Therefore, investors should not assume that New AVRPX will be able to detect or prevent all practices that may place New AVRPX at a disadvantage.

Distribution Arrangements

Financial intermediaries may provide varying investment products, programs, platforms and accounts through which investors may purchase and sell shares. New AVRPX does not charge servicing fees or distribution fees.

Financial Highlights

New AVRPX is newly organized and has not yet commenced operations. Accordingly, financial highlights are not available as of the date of this prospectus. The financial highlights of Existing AVRPX are included in Existing AVRPX's Annual Report to Shareholders for the fiscal year ended October 31, 2019 and its Semiannual Report to Shareholders for the fiscal period ended April 30, 2020, each of which is incorporated into this Prospectus/Proxy Statement by reference.

STONE RIDGE'S PRIVACY NOTICE

Stone Ridge's Commitment to Its Customers[(1)]

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.

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.

COMPARISON OF ORGANIZATIONAL DOCUMENTS

As a series of Stone Ridge Trust III, a Delaware statutory trust, Existing AVRPX is subject to the provisions of Stone Ridge Trust III's Agreement and Declaration of Trust (the "Existing AVRPX Declaration of Trust") and By-Laws (the "Existing AVRPX Bylaws"). As a series of Stone Ridge Trust, a Delaware statutory trust, New AVRPX is subject to the provisions of Stone Ridge Trust's Third Amended and Restated Agreement and Declaration of Trust (the "Stone Ridge Trust Declaration of Trust") and By-Laws (the "Stone Ridge Trust Bylaws"). For convenience, declarations of trust and bylaws, together, shall be referred to below generally as "Charter Documents." The provisions of Existing AVRPX's and Stone Ridge Trust's Charter Documents are substantially similar, but differ in some respects.

The following are summaries of a number of the significant differences between Existing AVRPX's Charter Documents, on the one hand, and Stone Ridge Trust's Charter Documents, on the other. For additional information regarding all of the differences, shareholders should refer directly to the organizational documents of each Fund, copies of which may be obtained by contacting the applicable Fund at its address or toll-free telephone number listed on the cover of this Prospectus/Proxy Statement.

Comparison of Existing AVRPX Charter Documents to Stone Ridge Trust Charter Documents

Constant Net Asset Value

The Stone Ridge Trust Declaration of Trust provides that if Stone Ridge Trust or any series or class thereof holds itself out as a money market or stable value fund, the Board shall have the power to reduce the number of outstanding shares of Stone Ridge Trust or such series or class by reducing the number of shares in the account of each shareholder on a pro rata basis, or to take such other measures as are not prohibited by the 1940 Act, so as to maintain the net asset value per share of Stone Ridge Trust or such series or class at a constant dollar amount.

Existing AVRPX Declaration of Trust does not provide the Board with such a right.

Redemptions and Repurchases

The terms regarding redemptions and repurchases in Existing AVRPX Declaration of Trust and the Stone Ridge Trust Declaration of Trust are different.

Existing AVRPX Declaration of Trust provides that Stone Ridge Trust III may repurchase its shares from time to time upon such terms and conditions as may be determined by the Board, including requiring shareholders to pay a withdrawal charge, sales charge, or any other form of charge to Stone Ridge Trust III, the underwriter, or any other person designated by the Board in such amount as the Board may determine, as well as a repurchase fee payable to Stone Ridge Trust in such amount as the Board may determine.

The Stone Ridge Trust Declaration of Trust provides that Stone Ridge Trust shall purchase at net asset value such shares of Stone Ridge Trust as shall be offered by any shareholder for redemption upon presentation of a proper instrument of transfer together with a request that Stone Ridge Trust purchase such shares. Unless extraordinary circumstances exist, Stone Ridge Trust must make payment for such shares to the shareholder within seven days after the date on which the request is made in proper form. Such redemption price may be paid wholly or partly in kind if the Board determines in its sole discretion that such payment is advisable in the interest of the remaining shareholders of New AVRPX.

Reorganization

Existing AVRPX Declaration of Trust provides that the Board may, in its sole discretion and without shareholder approval (unless shareholder approval is required under the 1940 Act), cause Stone Ridge Trust III to convert or merge, reorganize or consolidate with or into one or more trusts, partnerships, limited liability companies, associations, corporations or other business entities (or a series of any of the foregoing to the extent permitted by law) (including trusts, partnerships, limited liability companies, associations, corporations or other business entities created by the Board to accomplish such conversion, reorganization, reorganization or consolidation.

Existing AVRPX Declaration of Trust also provided that the Board may, in its sole discretion and without shareholder approval (unless shareholder approval is required under the 1940 Act), sell or convey all or substantially all of the assets of Stone Ridge Trust III or any Series or Class to another Series or Class of Stone Ridge Trust III or to another trust, partnership, limited liability company, association, corporation or other business entity (or a series of any of the foregoing to the extent permitted by law) (including a trust, partnership, limited liability company, association, corporation or other business entity created by the Board to accomplish such sale and conveyance), organized under the laws of the United States or of any state, commonwealth, possession or colony of the United States.

The Stone Ridge Trust Declaration of Trust provides the Board with the same authority, except that the surviving or resulting entity (in the case of a reorganization, reorganization or consolidation) or the purchaser (in the case of a sale or conveyance) must be an open-end management investment company under the 1940 Act or a series thereof.

Conversion to an Open-End Company

Existing AVRPX Declaration of Trust provides that a favorable vote of not less than 75% of the shares of Stone Ridge Trust III, with each affected class or series voting as separate classes or series, shall be required to amend Existing AVRPX Declaration of Trust to make the shares of Stone Ridge Trust III a “redeemable security” as defined under the 1940 Act, unless such amendment has been approved by a majority of the Board then in office, in which case approval by a majority of he outstanding voting securities shall be required.

The Stone Ridge Trust Declaration of Trust does not contain a comparable provision.