



FlowStone Opportunity Fund

FSOF Investor Update for the
Quarter ending 9/30/2020

Fund Overview

FlowStone Opportunity Fund is a registered investment vehicle designed to provide investors with institutional-quality, highly diversified exposure to the Private Equity asset class through secondary, primary, and co-investment strategies. The Fund offers diversification by manager, stage, strategy, and vintage year through a single allocation. The Fund's primary investment objective is to generate appropriate risk-adjusted long-term returns by investing in a diversified portfolio of private equity investments.

Fund Highlights

- ✓ Highly Diversified Private Equity portfolio in a single allocation
- ✓ Secondaries-focused private equity strategy with complementary primary commitments and co-investments
- ✓ Evergreen fund with immediate exposure and quarterly redemption option
- ✓ Flexible investment windows with lower minimums

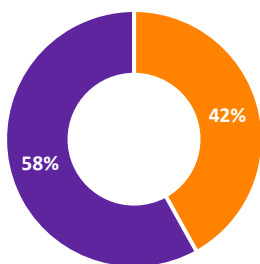
Fund Facts ⁽²⁾

Advisor:	FlowStone Partners LLC	FSOF Net Assets (as of 9/30/2020):	\$67,733,713	
Min. Initial Investment:	\$100,000	Investor Qualifications:	Qualified Clients	Tax Reporting: 1099 Div.
Capital Calls:	None	Valuations:	Quarterly	Redemptions: Quarterly
Subscriptions:	Quarterly	Custodian:	UMB	Independent Auditor: PWC

Fund Fees & Expenses ⁽³⁾

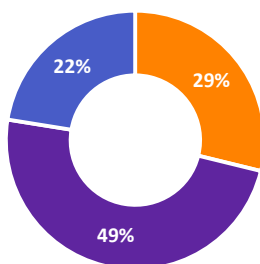
Management Fee:	1.25% of Fund assets and unfunded commitments, net of cash, paid quarterly, subject to a 1.75% cap
Performance Fee:	10% of Fund gains (quarterly, subject to a high-water mark)

Investment Type ⁽¹⁾⁽²⁾



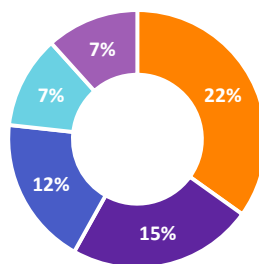
Primary Secondary

Investment Strategy ⁽¹⁾⁽²⁾



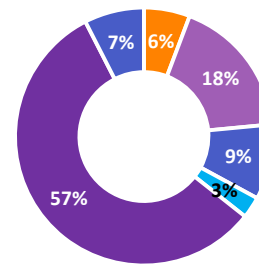
Buyout Venture Credit

Top 5 Holdings ⁽¹⁾⁽²⁾



AIC Credit Liquid Stock
Fin Ventures I New Mountain VI
Apax X

Vintage Year ⁽¹⁾⁽²⁾



2005 2006 2007
2008 2019 2020

FSOF Performance Data (as of 9/30/2020) ⁽⁴⁾

Total Return %*	QTD (Q3) %*	YTD %*	Inception to Date ("ITD") %**	Standard Deviation**
FlowStone Opportunity Fund	2.4%	9.7%	15.6%	11.7%
Russell 2000	4.9%	31.6%	(2.6%)	28.9%
S&P 500	8.9%	31.3%	15.5%	21.9%
MSCI World	7.9%	28.8%	10.5%	21.4%

*Note: Returns are calculated based on a calendar quarter and year. For financial reporting purposes, the FSOF FY ends on March 31st, as stated in the prospectus.

**Note: Inception to date (ITD) performance metrics represent annualized figures. Inception date of August 31, 2019.

Email sconners@flowstonepartners.com for additional information or visit www.flowstonepartners.com for details related to the Fund's performance.

The performance data shown represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the past performance quoted. It is not possible to invest directly in an index. Diversification does not ensure profit or protect against loss in declining markets. Please see important endnotes to performance on the following page.

The Fund is not a liquid investment. No Shareholder will have the right to require the Fund to redeem its Shares. The Fund from time to time may offer to repurchase Shares pursuant to written tenders by the Shareholders.

⁽¹⁾FSOF Exposure to date is expressed as a % of Committed Capital (\$Millions); ⁽²⁾See Glossary for definitions ⁽³⁾See Expense Summary on the following pages; ⁽⁴⁾See Performance Summary on the following pages



Important Information

This material is published as assistance for recipients, but does not constitute investment advice and is not to be relied upon as authoritative nor to be substituted for one's own judgment. This information is not a recommendation to purchase or sell a security or follow any strategy or allocation. Before making any investment decision, you should seek expert, professional advice and obtain information regarding the legal, fiscal, regulatory and foreign currency requirements for any investment according to the laws of your home country and place of residence.

The information contained herein reflects views as of a particular time, and is subject to change without notice. It is for illustrative purposes only and may not be representative of current or future investments or allocations. Any forward-looking statements are based on assumptions, and actual results may vary from such statements. There is no requirement to update information provided, unless otherwise required by applicable law. While reasonable efforts have been used to obtain information from reliable sources, no representations or warranties are made as to the accuracy, reliability or completeness of third-party information presented. The information contained in this document is unaudited.

BEFORE INVESTING YOU SHOULD CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. THIS AND OTHER INFORMATION IS IN THE PROSPECTUS, A COPY OF WHICH MAY BE OBTAINED FROM FLOWSTONE PARTNERS AT 312-429-2419. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST.

The Shares are speculative and illiquid securities involving substantial risk of loss. An investment in the Fund is appropriate only for those investors who do not require a liquid investment, for whom an investment in the Fund does not constitute a complete investment program, and who fully understand and can assume the risks of an investment in the Fund. Investors should carefully review and consider potential risks before investing. The Fund has been organized as a non-diversified, closed-end management investment company and designed primarily for long-term investors. An investor should not invest in the Fund if the investor needs a liquid investment. The Fund could experience fluctuations in its performance due to several factors. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods.

The Fund Investments may include low grade or unrated debt securities ("high yield" or "junk" bonds or leveraged loans) or investments in securities of distressed companies. Such investments involve substantial, highly significant risks. The Fund may invest in mezzanine debt instruments, which are expected to be unsecured and made in companies with capital structures having significant indebtedness ranking ahead of the investments, all or a significant portion of which may be secured. The Portfolio Fund Managers and (subject to applicable law) the Fund may employ leverage through borrowings or derivative instruments and are likely to directly or indirectly acquire interests in companies with highly leveraged capital structures. The Fund and Portfolio Fund Managers may use derivatives and the use of derivative instruments for hedging or speculative purposes by the Fund or the Portfolio Fund Managers could present significant risks, including the risk of losses in excess of the amounts invested. The overall performance of the Fund's secondary investments will depend in large part on the acquisition price paid, which may be negotiated based on incomplete or imperfect information. Secondary investments may also incur contingent liability risk and syndicate risk. Potential lack of diversification and resulting higher risk due to concentration of allocation authority when a single adviser is utilized. The Adviser does not control the investments or operations of the Portfolio Funds. For a complete discussion of risks please review the prospectus carefully.

Distribution services provided by Foreside Financial Services, LLC.



FlowStone Opportunity Fund | Expense & Performance Summary

Definitions of capitalized terms (i.e., defined terms) not included herein can be found in the Fund's prospectus.

Returns are presented net of estimated gross expenses of 7.94% and 5.11%, net of Fee Waiver and/or Expense Reimbursement of 2.83%. If the Fee Waiver and/or Expense Reimbursement had not been in place, returns would have been lower. Performance figures do not reflect the 2% early withdrawal fee that may apply to some unit holders. Expenses are estimated as of the Fund's prospectus, effective August 5, 2020.

The Adviser has entered into an expense limitation agreement (the "Expense Limitation Agreement") with the Fund, whereby the Adviser has agreed to waive fees that it would otherwise be paid, and/or to assume expenses of the Fund (a "Waiver"), if required to ensure the Total Annual Expenses (excluding taxes, interest, brokerage commissions, certain transaction-related expenses, extraordinary expenses, acquired fund fees and expenses and the Incentive Fee) do not exceed 1.95% on an annualized basis (the "Expense Limit"). For a period not to exceed three years from the date on which a Waiver is made, the Adviser may recoup amounts waived or assumed, provided it is able to effect such recoupment without causing the Fund's expense ratio (after recoupment) to exceed the lesser of (a) the expense limit in effect at the time of the waiver, and (b) the expense limit in effect at the time of the recoupment. The Expense Limitation Agreement also provides that, after the commencement of operations until the first anniversary of the commencement of operations, the Adviser agrees to waive fees payable to it by the Fund on assets held in cash or cash equivalents less the total amount of capital committed by the Fund and not yet drawn for investment. The Expense Limitation Agreement will have a term ending one-year from the date the Fund commences operations, and will automatically renew thereafter for consecutive twelve-month terms, provided that such continuance is specifically approved at least annually by a majority of the Trustees. The Expense Limitation Agreement may be terminated by the Fund's Board of Trustees upon thirty days' written notice to the Adviser.

Shareholders also indirectly bear a portion of the asset-based fees, performance or incentive fees or allocations and other expenses incurred by the Fund as an investor in the Portfolio Funds. Generally, asset-based fees payable in connection with Portfolio Fund investments will range from 1% to 2.5% (annualized) of the commitment amount of the Fund's investment, and performance or incentive fees or allocations are typically 20% of a Portfolio Fund's net profits annually, although it is possible that such amounts may be exceeded for certain Portfolio Fund Managers. Historically, a substantial majority of the direct investments made by the Adviser and its affiliates on behalf of their clients have been made without any "acquired fees" (i.e., free of the management fees and performance/incentive fees or allocations that are typically charged by Portfolio Fund Managers). The "Acquired Fund Fees and Expenses" disclosed above, however, do not reflect any performance-based fees or allocations paid by the Portfolio Funds that are calculated solely on the realization and/or distribution of gains, or on the sum of such gains and unrealized appreciation of assets distributed in kind, as such fees and allocations for a particular period may be unrelated to the cost of investing in the Portfolio Funds.

FlowStone Opportunity Fund | Glossary

Buyout - Control investments in established, cash flow positive companies are generally classified as buyouts. Buyout investments may focus on small-, mid- or large-capitalization companies, and such investments collectively represent a majority of the capital deployed in the overall private equity market. The use of debt financings, or leverage, is prevalent in buyout transactions — particularly in the large-cap segment.

Co-Investments - Co-investments generally involve taking an interest in securities issued by an operating company, whether equity or debt, in parallel with a sponsoring fund manager acting as the lead investor. Direct equity investments generally involve new owners taking a material stake in the target company and may involve exercising influence on the growth and development of the company through work with the company's management and board of directors. Direct debt investments typically represent financing for buyout or growth investments and may have various features and covenants designed to protect the lender's interests.

Evergreen Fund - Evergreen Funds reinvest investment proceeds into new investments within the fund, as opposed to distributing investment proceeds to the fund's investors.

J-Curve - The value development pattern in which the net asset value of a private-equity fund typically declines moderately during the early years of the private-equity fund's life as investment related fees and expenses are incurred before investment gains have been realized. As the fund matures and portfolio companies are sold, the pattern typically reverses with increasing net asset value and distributions.

Primary Commitments - Primary commitments (primaries) are interests or investments in newly established private equity funds. Primary investors subscribe for interests during an initial fundraising period, and their capital commitments are then used to fund investments in several individual operating companies (typically ten to thirty) during a defined investment period. The investments of the fund are usually unknown at the time of commitment, and investors typically have little or no ability to influence the investments that are made during the fund's life.

Secondary Investments - Secondary Investments are interests in existing private equity funds that are acquired in privately negotiated transactions, typically after the end of the private equity fund's fundraising period. The investments of the acquired fund are usually known at the time of acquisition, and the majority of the fund's capital is typically drawn down and invested by the time of the fund's acquisition.

Venture - Investments in new and emerging companies are usually classified as venture capital. Such investments are often in technology and healthcare related industries. Companies financed by venture capital are generally not cash flow positive at the time of investment and may require several rounds of financing before the company can be sold privately or taken public. Venture capital investors may finance companies along the full path of development or focus on certain sub-stages in partnership with other investors.

Standard Deviation - Statistical measure of volatility over time; a lower standard deviation indicates historically less volatility. Annualized Standard Deviation calculated using quarterly performance.

Russell 2000 - The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of market cap and current index membership.

S&P 500 - The S&P 500 Index measures the value of the 500 largest publicly traded corporations by market capitalization listed on the New York Stock Exchange or Nasdaq Composite, and is shown for comparison purposes.

MSCI World - The MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,643 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

