

Item - 1 - Cover Page

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This Brochure provides information about the qualifications and business practices of Impact Investment Adviser LLC (“Impact”).

If you have questions about the contents of this Brochure, please contact Impact at 415-981-1074. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Impact is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

Item - 2 - Material Changes

The following are material changes to the Brochure since the last annual updating amendment, which was on March 30, 2018:

Item – 4 – Updated the information regarding the originators in AHF and the pooled investment vehicles advised by Impact.

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Item - 4 - Advisory Business

Overview. Impact focuses exclusively on identifying, developing and managing investments that can be made in scale and create positive social impact. Impact's mission is to provide a voluntary bridge between the need for investment capital to bolster lower income communities and the needs of institutional investors to invest their money in prudent and productive ways. Impact's investments are designed to generate competitive risk-adjusted returns for institutional investors while achieving social impact objectives.

Impact's investments have helped finance the construction of affordable housing, healthcare facilities, childcare centers and the growth of small businesses. The investments are intended to benefit low income individuals, families and communities throughout the United States. Impact's investments have also helped finance the restoration of historic buildings, facilitated real estate development in low income areas and supported the growth of small-to-medium sized businesses to create or retain jobs in capital-starved communities. To date, Impact's investors have committed nearly \$2 billion for social impact investments in 41 states plus the District of Columbia.

Impact is a Delaware limited liability company that is a wholly owned subsidiary of IMPACT Community Capital LLC ("ICC"). ICC has been a pioneer of socially responsible investing since 1998 and is owned by nine entities (seven voting class members and two non-participating members), who are among some of the leading U.S. insurance companies. ICC has a Member Representative Board ("Board") that oversees the activities of ICC and Impact. The Board has four Committees of the Board: Audit; Executive Compensation; Nominating and Governance; and Legislation and Government Affairs. Each voting class member appoints one member representative to serve on the Board.

Privately Placed Real Estate and Investment Funds. Impact's social impact investment vehicles ("Funds") are generally structured as privately-placed real estate and investment funds that are excepted from the definition of an investment company under the Investment Company Act of 1940, as amended ("Investment Company Act"), in reliance on the exceptions provided by Section 3(c)(1), Section 3(c)(5) and/or Section 3(c)(7) thereof, and whose securities are exempt from registration under the Securities Act of 1933, as amended ("Securities Act"). The Funds primarily invest in real estate related interests. However, the social impact objective and investment approach are different for each Fund as described below:

Affordable Housing Fund ("AHF"). AHF has established program agreements with three major U.S. banks and one financial services company to finance the development of affordable multifamily housing in low income and financially underserved communities ("Developments"). To reduce the debt burden on the Developments, developers leverage Federal Low Income Housing Tax Credits. The Internal Revenue Service issues these tax credits to state housing agencies which, in turn, allocate the tax credits to developers. After the tax credits are awarded, the banks originate mortgage loans secured by first liens on the Developments. AHF typically provides approximately 24-month forward commitments to purchase the mortgage loans from the banks upon construction completion and development stabilization. AHF relies on a revolving line of credit ("Credit Line") provided to its parent company by certain leading U.S. insurance companies ("Consortium") to fund the purchase of the mortgage loans. Once the Developments

are completed and stabilization criteria are satisfied, AHF draws on the Credit Line to purchase the mortgage loans from the originating banks. To maintain a continuing source of funds and to pay down the Credit Line, AHF (i) pools and securitize these mortgages and through an affiliate, offer them for sale to qualified institutional buyers in private transactions or (ii) offers them in other private sale transactions. The members of the Consortium are also the owners of the AHF's parent company and indirect investors in AHF.

Smart Growth Fund ("SGF"). SGF is a fund of funds that makes equity investments in other funds offering diversified pools of commercial real estate projects in low and moderate income communities. Currently, SGF's sole investment is in an unaffiliated fund that targets equity investments that are both urban and smart-growth in nature.

Small Business Fund ("SBF"). SBF is a fund of funds that makes equity investments in other funds that invest in small-to-medium sized businesses that are in low and moderate income communities or that are creating well-paying job opportunities for low and moderate income persons. Currently, SBF's sole investment is in an unaffiliated fund that encourages community development by making mezzanine debt investments in established businesses predominantly for purposes of growth and expansion.

Additional Funds. Without prior consultation with the Funds or the investors in the Funds, Impact can provide investment management services to additional private pooled investment vehicles that are offered to investors on a private placement basis. With respect to such services, Impact can be appointed as the investment adviser with discretionary trading authorization for these investment vehicles. Similarly, Impact can also provide discretionary and non-discretionary investment advisory services for separate account special purpose vehicles ("Separate Account SPVs"). Investors can also be solicited to invest in one or more other Funds or other investment vehicles.

Client Constituent Documents. The information provided above about Impact's investments is qualified in its entirety by reference to the relevant governing documents of the Funds and Separate Account SPVs (together with Funds, individually and/or collectively, as the context may require, "Clients"), the investment management agreements, side letters, administrative agreements and other fee and expense related agreements between the Clients and Impact (collectively "Constituent Documents").

Assets Under Management. As of December 31, 2018, Impact had approximately \$293.77 million in discretionary assets under management.

Item - 5 - Fees and Compensation

Management Fees. Impact receives management fees from Clients. The specific payment terms and other conditions of these management fees of the Clients are set forth in the Constituent Documents. Management fees are generally based on a fixed percentage of either (i) the outstanding capital commitments of investors in a Client or (ii) par value of a Client's assets under management. Management fees vary and are based on a number factors including investment mandate, services performed and account size. The fees generally are payable to Impact quarterly in arrears and are deducted from the Clients' assets. Management fees for the Funds generally are

not negotiable. However, Impact can negotiate fees for the Funds with affiliates, strategic relationships and members (or affiliates of members) in certain circumstances. Each Client's fees could vary. If a Client prepays fees to Impact and Impact or a Client elects to terminate the related investment management agreements, Impact is required to promptly return any prepaid but unearned management fees and otherwise account for and return all other client related funds net of any reimbursed expenses due Impact.

Client Organizational and Offering Expenses. Clients generally pay or otherwise bear all fees, costs, obligations, liabilities and other expenses (collectively "Expenses") relating to the Clients' formation and organization and the Clients' offering and sale of interests that are incurred by the Clients and on the Clients' behalf (collectively "Organizational Expenses"). Organizational Expenses include, without limitation, the following:

- accounting fees;
- board and governance-related fees;
- capital raising fees;
- commissions and other brokerage fees;
- consulting and expert fees;
- insurance-related fees;
- legal and compliance fees;
- offering material preparation and printing fees;
- regulatory and filing fees;
- placement, finder and other solicitation fees; and
- travel-related fees.

Client Operating Expenses. Clients, subject to their Constituent Documents, generally pay or otherwise bear all Expenses resulting from or arising out of the Clients' operations that are incurred by the Clients and on the Clients' behalf (collectively "Operating Expenses"). Operating Expenses include, without limitation:

- accounting, bookkeeping and recordkeeping fees;
- administration;
- auditing fees;
- banking fees;
- borrowing and indebtedness interest and fees, including guarantees, credit facilities, lines of credit and loan commitments;
- cloud storage and data center fees;
- computer software and hardware, technology, data and research fees;
- custody and trustee fees;
- dissolution fees relating to the winding up and termination of Clients;
- drafting and filing fees and costs relating to reports, disclosures, filings and notifications of Clients, Impact and its affiliates to regulatory or governmental authorities;
- governmental judgments, settlements, fines, penalties, legal fees and costs relating to inquiries, investigations, proceedings and actions;

- insurance premiums for director and officer liability insurance, errors and omissions insurance, financial institution bond insurance and other insurance, including apportionment of ICC's Group Insurance Policy;
- legal and compliance fees;
- litigation costs and fees, including payment of judgements and settlements, and legal fees and costs relating to the investigation, prosecution, defense, judgment of any claim, arbitration, action and proceeding;
- loan servicing fees;
- management fees;
- meeting fees and costs relating to Board, Client and Investor meetings;
- operating expenses of pooled investment vehicles (e.g. privately placed investment or real estate funds) acquired by Client accounts;
- placement agent fees;
- pricing service fees and rating agency fees;
- preparation, printing, filing and delivery fees and costs related to reports, documents and filings provided to Clients and investors, including financial statements, investment reports and tax returns;
- regulatory and filing fees;
- salaries and benefits of ICC personnel and ICC overhead attributable to services performed for Clients;
- taxes;
- transaction fees, costs and expenses related to discovery, evaluation, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of investments, including:
 - clearing and settlement fees;
 - collateral management fees;
 - commissions and other broker-dealer related fees;
 - commitment fees;
 - conference fees relating to investments and business sectors;
 - custodial and trustee fees;
 - investment banking fees;
 - origination fees;
 - private placement fees;
 - unwind or breakage fees;
 - transaction fees; and
 - travel-related fees.

Services related to the Expenses set forth above can be performed or provided by persons or entities associated with the Clients (such as the managing members or general partners), by Impact, ICC, their respective affiliates and/or by third-parties (collectively "Providers"). All Providers are entitled to reimbursement from Clients for any Organizational Expenses and Operating Expenses paid or incurred by Providers on behalf of Clients. The Expenses applicable to each Client are set out in the Client's Constituent Documents, and not all Clients are subject to the same Expenses. Impact and ICC have discretion to seek reimbursement for Organizational Expenses and Operating

Expenses and can choose to not seek reimbursement for all or a portion of such Expenses from Clients.

Allocation of Expenses. Impact, ICC and their affiliates, from time to time, incur Expenses on behalf of multiple Clients. To the extent such Expenses are incurred for more than one Client, each Client will typically bear an allocable portion of any such Expenses, generally in proportion to the size of its investment or the activity to which the expense relates or in such other manner as Impact considers fair and equitable under the circumstances over time.

Sales Charges. In addition, Impact could in the future engage or cause Clients to engage placement agents (or similar persons) to market and sell interests or shares in the Clients to prospective investors. Impact will require that placement agents have all appropriate licenses and registrations to conduct their business, including, when applicable, registration as broker-dealers with the SEC and membership with the Financial Industry Regulatory Authority. Certain Clients could in the future impose a sales charge on subscriptions, on a disclosed basis, to compensate unaffiliated third parties that assist in obtaining subscriptions to the Clients. In such cases, Impact could elect to reduce its management fees to the extent any placement fees are borne by Clients.

Brokerage Fees. In limited circumstances, Clients could incur brokerage and other related transactional costs. Please see Item 12 below for further detail regarding such brokerage and related transactional costs.

Item - 6 - Performance-Based Fees and Side-by-Side Management

Performance-Based Fees. Impact and its affiliates do not currently receive performance-based compensation from Clients, and currently, Clients do not pay carried interest to their managing members or similar persons. The receipt of performance-based compensation from Clients could create an incentive for Impact to make more speculative investments than they might otherwise make in the absence of such performance-based compensation. Performance-based compensation also could incentivize Impact to allocate more attractive investment opportunities to Clients that pay performance-based compensation.

Side-by-Side Management. The fixed asset-based fees that Impact receives from Clients vary based on a number of factors including investment mandate, services performed and account size. Different management fees could incentivize Impact to dedicate increased resources and allocate more profitable investment opportunities and better investment ideas to Clients that are more profitable to Impact or that are affiliated with or have an economic interest in Impact. As noted above, the indirect owners of Impact and direct owners of ICC are often, in varying combinations, major investors in the Clients. This could create an incentive to favor Clients in which Impact's owners are significant investors over Clients in which such persons have no, or a more limited, investment.

Impact has adopted and implemented policies to mitigate potential conflicts of interest relating to the management of multiple Clients and varying management fee arrangements.

Item - 7 - Types of Clients

Impact provides real estate-related and social impact investment advice to privately placed real estate and investment funds that are structured as pooled invested vehicles and Separate Account SPVs. The minimum investments, if any, are stated in the Clients' Constituent Documents.

The Clients Impact manages are not registered as investment companies under the Investment Company Act and rely upon certain exceptions from registration (including, without limitation, Sections 3(c)(1), 3(c)(5) and 3(c)(7) of the Investment Company Act), and, therefore, investors participating in such vehicles must meet certain suitability and net worth qualifications such as "accredited investors" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Securities Act, "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act and "knowledgeable employees" within the meaning of Rule 3c-5 of the Investment Company Act, depending on the applicable eligibility requirements of each Client.

Presently, only investors that meet the suitability and net worth qualifications of QIBs can invest in Clients. QIBs are certain enumerated entities, such as insurance companies and employee benefit plans, that own and invest at least \$100 million in securities on a discretionary basis, or broker-dealers that invest at least \$10 million in non-affiliated securities.

Item - 8 - Methods of Analysis, Investment Strategies and Risk of Loss

The following is a summary of the investment strategies and methods of analysis used by Impact on behalf of Clients. This summary should not be interpreted to limit in any way Impact's investment activities. Impact could also offer advisory services, provide advice with respect to other investment strategies, and make investments, including those described in this Brochure, that Impact considers appropriate and in accordance with the Client's investment objective and guidelines. Specific descriptions of such strategies are included in each Client's Constituent Documents. There can be no assurance that the investment objectives of any Client will be achieved.

Impact's objective is to identify, develop and manage investments that have a positive social purpose. Impact's investment strategies are designed to generate competitive risk-adjusted financial returns while having a positive impact on low income persons, families and communities. Social responsibility is an integral part of Impact's investment strategies, and potential long-term positive social benefits are also considered in the investment process.

Impact's social impact investment strategies include direct and indirect investments in real estate and real estate-related assets. In the affordable multifamily housing sector, Impact works with leading financial institutions that have proven originating capabilities and an established presence in the real estate market to identify potential investments. Impact evaluates new investments based on market and project data provided by the originating bank as well as a variety of private and public sources. In formulating its investment decisions, Impact could consider various factors, including market demographics, project metrics and sponsor experience and financial strength. Market demographics include cost of living indicators, recent comparable real estate sales, expert

reports (e.g. appraisals, property inspections and environmental reports), current inventory, current construction activity, and economic indicators for the local economy. Project metrics include loan size, property value, project cost, loan to cost ratio, discount to market rents, occupancy rates for similar projects and demonstrated product demand. Sponsor experience includes track record with similar types of projects, track record in the proposed market geography, total number of units under management, performance of these units, developer liquidity and net worth. The results of Impact's analysis inform the investment decision, transaction structuring and documentation.

In considering potential investment opportunities, Impact can utilize various analytical methods to seek to achieve a thorough and in-depth assessment of the potential investments. Impact's valuation process involves a review of different valuation metrics, including Loan-to-Value Ratio, Loan-to-Cost Ratio, Discount-to-Market Rent and Debt Service Coverage Ratio. With respect to investments purchased by AHF or with respect to investments in affordable housing mortgage loans generally, Impact reviews an 18-year cash flow model prepared by the originator submitting the transaction for approval. The model trends revenue and expense growth based on accepted industry underwriting practices and local economic conditions. The model is used to demonstrate the project's ability to meet established debt service requirements on a pro forma basis and to evaluate refinance risk.

Impact could also invest Client assets in privately-placed real estate and investment funds and other investment vehicles that are managed by unaffiliated third-parties. Impact selects managers that generally have compelling competitive market advantages, established performance track records and attributes necessary for long-term organizational stability. Impact screens managers through quantitative and qualitative manager assessments, detailed portfolio analysis and can make onsite visits to evaluate the manager's deal sourcing strategy, due diligence methodology, and ability to negotiate appropriate investment terms and conditions. Impact's due diligence could include an analysis of the historical returns, average holding periods, investment styles and risk profiles of the managers' current and former investment vehicles. Impact can also initiate interviews with current and former investors and other stakeholders to independently confirm information and to evaluate the manager's reputation for professional and ethical behavior. Prior to making investments, Impact generally will negotiate the reporting and data analysis requirements to track both the financial and social impact components of the investments.

Impact can enter into credit arrangements on behalf of Clients to borrow money for financing purposes to make forward investment commitments and to leverage the Clients' investments within the limits set forth in the Constituent Documents. As noted above, AHF's parent company has entered into a revolving line of credit with certain lenders, and such lenders are also owners of ICC and are major investors in the Funds Impact advises.

For certain Clients, Impact can (but is not required to) employ hedging techniques designed to reduce the risks of adverse movements in interest rates and securities prices. Impact can also utilize leverage and pursue additional opportunistic investment strategies on behalf of Clients, consistent with the investment objectives set forth in the Clients' Constituent Documents.

Risks of Loss. Investing in securities and other financial instruments involves a risk of loss, including potential loss of the entire investment, that investors should be prepared to bear. All

investment strategies carry some degree of investment, legal, tax and regulatory risk. Material risks related to Impact's strategies are set forth below. The risks can apply to strategies in varying degrees, and not all risks pertain to every strategy. Clients and investors should review their Constituent Documents for additional information about the risks associated with their investment strategies.

Affordable Multifamily Housing Properties Risk. Mortgage loans can be secured by affordable multifamily housing properties. Multifamily housing projects are part of a market that, in general, is characterized by low barriers to entry. As a result, rental markets with historically low vacancies could experience substantial new construction, and a resultant oversupply of units, in a relatively short period of time. Since multifamily housing units are typically leased on a short-term basis, tenants within such a market could move to newer projects with better amenities. In addition, occupancy and rent levels could be adversely affected by unfavorable economic conditions generally, closings of major (or significant) employers and national and local politics, including current or future rent stabilization and rent control laws and agreements.

Business Continuity Risk. Impact relies on its information technology infrastructure and seeks to assure that it has competitive systems. However, information technology changes rapidly and Impact might be unable to stay ahead of advances. Impact or a service provider could be the target of a cybersecurity attack. To mitigate the risk of such an attack, a systems failure, or other potential business disruptions, Impact has adopted a business continuation strategy to maintain critical functions in the event of a significant business disruption, including a partial or total building outage affecting the firm's offices or a technical problem affecting the firm's systems. Although the recovery strategies are designed to limit the impact on Clients from any business interruption or disaster, Impact's ability to conduct business could be curtailed by a disruption in the infrastructure that supports its operations and the regions in which Impact's offices are located.

Collateral and Borrower Risk. Lenders can be exposed to losses resulting from default and foreclosure of mortgage loans or interests in such loans. Therefore, the value of the underlying collateral, the creditworthiness of borrowers and the priority of liens are of great importance in determining the values of the loans. The value of the collateral securing mortgage loans is based on appraisals by real estate appraisers or estimates of value by licensed real estate brokers. The property values can include information and assumptions provided by the borrowers and estimates and assumptions developed with respect to the appraisals or brokers' opinions of value. Actual values might, therefore, vary from such estimates, and the variations can be material. No guarantees can be made regarding the adequacy of the collateral securing the mortgage loans or interests in such loans. The liquidation proceeds upon the sale of such loans might not satisfy the entire outstanding balance of principal and interest on the foreclosed loans, resulting in losses to lenders. Any costs or delays involved in the effectuation of loan foreclosures or liquidation of the assets collateralizing the loans can further reduce the liquidation proceeds and increase lender losses.

Risk Related to Competition for Real Estate Investment. Managers that invest in real estate-related interests operate in a highly competitive market for investment opportunities, and such competition can limit a manager's ability to acquire desirable investments in target communities. Investor performance is dependent, in large part, on the manager's ability to originate or acquire

investments on attractive terms. Impact competes with a number of real estate companies and investment managers that are significantly larger and have considerably greater financial, technical, marketing and other resources. Certain competitors could also have a lower cost of funds and access to funding sources that are not available to Impact, such as the U.S. Government. In addition, Impact's competitors can have higher risk tolerance or different risk assessments that could allow them to consider a wider variety of investments, deploy more aggressive pricing and establish more relationships than Impact.

Credit Risk. Debt instruments are subject to credit risk. Credit risk refers to the likelihood that borrowers will default on the payment of principal or interest on mortgage loans or other debt instruments. Financial strength and solvency of the borrowers are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancements for debt instruments could affect credit risk. Credit risk could change over the life of debt instruments. The value of a debt instrument could decline because of concerns about the borrower's ability to make principal or interest payments.

Cyber-Security Risk. Managers rely on information and technology systems to conduct their advisory businesses. Such systems could be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data or operational disruption. Impact has an information technology security policy and has implemented certain technical and physical safeguards intended to protect the integrity of its information and technology systems. Nonetheless, despite reasonable precautions, cybersecurity incidents could potentially occur, and they might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third-party vendors or service providers could indirectly affect Clients and investors. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which Clients invest, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs and otherwise affect business and financial performance (See also, Business Continuity Risk, above).

Economic and Financial Cycle Risk. Economic and financial cycles pose inherent risks on the real estate market. At various points in recent history, the real estate and securitization markets, as well as global financial markets and the economy generally, have experienced significant dislocations, illiquidity and volatility. Additionally, the duration of the current period of historically low inflation and interest rates, while generally supportive of commercial and multifamily real estate performance and values, is unpredictable. Any increased operating and borrowing costs can put pressure on the performance and value of commercial and multifamily real estate and hinder the financing and refinancing of those properties. The lack of credit liquidity, correspondingly higher mortgage rates and declines in the value of commercial and multifamily properties can prevent commercial mortgage and multifamily property owners and borrowers from refinancing their mortgages and might adversely affect the ability of a borrower to perform on its loan obligations. Defaults, delinquencies and losses can further decrease property values, resulting in additional defaults by commercial mortgage borrowers, further credit constraints, further declines in property values and further adverse effects on the perception of the value of investments

in mortgages. As a result of these factors and conditions, weakness, illiquidity, volatility and other dislocations in the market could reoccur or become more severe.

Environmental Liabilities Risk. Under various federal, state and local laws, ordinances and regulations, owners or operators of real property could become liable for the costs of removal or remediation of certain hazardous substances released on, about, under or in its property. Environmental laws often impose this liability without regard to whether the owners or operators knew of, or were responsible for, the release of hazardous substances. The presence of hazardous substances, or the failure to remediate hazardous substances properly, could adversely affect the value of the properties. In the event of foreclosures, the value of collateral could be insufficient to satisfy the entire outstanding balance of principal and interest on the foreclosed loans, resulting in losses to lenders. In addition, some environmental laws can create liens of varying priority on contaminated property in favor of the government for costs it incurs with respect to the contamination.

Foreclosure of the Mortgaged Properties Risk. Mortgage loans are typically secured by liens on the mortgaged properties. In the event revenues generated by the operations of properties are not sufficient to pay debt service on the mortgage loans or in the event balloon payments cannot be paid by the borrower in full when due, or upon any other mortgage loan events of default, the mortgages can be foreclosed. Foreclosure is an expensive and lengthy process that can lead to a significant delay in the recovery by the lenders of amounts owed under the mortgage loans. Furthermore, there can be no assurance that the net proceeds realized from foreclosures on the mortgages, after payment of all foreclosure expenses, will be sufficient to pay the principal, interest and other expenses, if any, which are due under the mortgage loans.

Geographic Concentration of Mortgage Loans Risk. Mortgage loans on income producing properties could be concentrated in specific states or regions. Declining economic conditions in these locations can affect the ability of borrowers to repay their mortgage loans on time. Properties in certain jurisdictions can be more susceptible than properties located in other parts of the country to certain types of uninsurable hazards, such as earthquakes, floods, hurricanes, wildfires, mudslides and other natural disasters. Declines in the residential real estate market of a particular jurisdiction could reduce the values of properties located in that jurisdiction, which would result in an increase in the loan-to-value ratios.

Hedging Risk. Hedging techniques can involve a variety of derivatives, including interest rate swaps and other interest rate transactions. A transaction used as a hedge to reduce or eliminate losses associated with a portfolio holding or market to which a portfolio has exposure, including interest rate exposure, can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the hedging transaction and its reference portfolio holding or market (correlation risk), and there can be no assurance that a portfolio's hedging transaction will be effective. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge will be greater than gains in the value of the positions of the portfolio. Hedging techniques involve costs, which can be significant, whether or not the hedging strategy is successful. Hedging techniques could also require posting significant cash or other collateral.

Hedging transactions, to the extent they are implemented, will not necessarily be completely effective in insulating portfolios from interest rate or other risks.

Interest Rate Risk. The value of fixed interest rate mortgages and other debt instruments generally has an inverse relationship with future interest rates. Accordingly, if interest rates rise, the value of such debt instruments could decline. In addition, to the extent that the receivables of loans underlying specific financial instruments can be prepaid without penalty or premium, the value of such financial instruments can be negatively affected by increasing prepayments. Such prepayments tend to occur more frequently as interest rates decline.

Investment Risk. The value of debt and equity securities, like other investments, can move up or down, sometimes rapidly and unpredictably, as a result of market volatility. Securities at any point in time could be worth less than the amount invested. Clients and investors are subject to investment risk, including possible loss of the entire principal amounts of their investments.

Lack of Skillful Property Management Risk. The successful operation of a real estate project depends upon the property manager's performance and viability. The property manager is responsible for responding to changes in the local market, planning and implementing the rental structure, operating the property and providing building services, managing operating expenses and assuring that maintenance and capital improvements are carried out in a timely fashion. Mortgaged properties deriving revenues primarily from short-term sources, such as short-term or month-to-month leases, are generally more management intensive than properties leased to creditworthy tenants under long-term leases. There can be no assurance as to the skills of any present or future property managers. In many cases, the property managers are affiliates of the related mortgagor and can be unwilling to manage properties for non-affiliates. Additionally, there can be no assurance that the property managers will be in a financial condition to fulfill their management responsibilities throughout the terms of their respective management agreements.

Lending on Income-Producing Properties Risk. Lending on the security of income-producing real estate (such as affordable multifamily housing) is generally viewed by investors as exposing a lender to a greater risk of loss than lending on the security of single-family residences. Various factors, many beyond the control of the property owner, can negatively affect the ability of an income-producing real estate property to generate sufficient net operating income to pay debt service and/or to maintain its value. Among these factors are economic conditions generally and in proximity to the project, the age, quality and design of the project and the degree to which it competes with other projects in the area, changes or continued weaknesses in specific industry segments, increases in operating costs, the willingness and ability of the owner to provide capable property management, and maintenance of credit for financing and changes in interest rate levels that can adversely affect the value of a project without necessarily affecting the ability to generate current income.

Leverage Risk. Investment portfolios employing leverage are subject to heightened risk. Leverage could involve the use of borrowed capital in an attempt to increase the return on investments. The use of leverage can result in the portfolio's market value exposure being in excess of the net asset value of the portfolio. A portfolio could need to liquidate positions when it is not advantageous to do so to satisfy its borrowing obligations. The use of leverage entails risks including the potential

for higher volatility, greater declines of a portfolio's value and fluctuations of dividends and other distribution payments.

Mezzanine Loan Risk. Mezzanine loans take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns an interest in the entity owning the property. These loans involve higher degrees of risk than long-term senior mortgage lending secured by income-producing real property because the loans could become unsecured as a result of foreclosures by senior lenders and can require significant capital investment by the mezzanine lender to protect its security interest. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, lenders might not have full recourse to the assets of such entity, or the assets of the entity might not be sufficient to satisfy the mezzanine loan. If a borrower defaults on a mezzanine loan or debt senior to the loan, or in the event of a borrower bankruptcy, the mezzanine loan will be satisfied only after the senior debt is repaid. As a result, investors might not recover some or all of their investments.

Political Uncertainty Risk. Markets in which clients are invested or to which clients are exposed can experience political uncertainty (e.g., Brexit), that subjects investments to heightened risks, even when made in established markets. These risks include: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic, and political instability (including the risk of war or natural disaster); increased risk of nationalization, greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and participants in those markets; controls on foreign investment, capital controls and limitations on repatriation of invested capital and on the clients' ability to exchange currencies; 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 difficulties in obtaining and/or enforcing legal judgments. During times of political uncertainty, the securities, derivatives and currency markets could become volatile. There also could be a lower level of monitoring and regulation of markets while a country is experiencing political uncertainty, and the activities of investors in such markets and enforcement of existing regulations could be extremely limited. Markets experiencing political uncertainty could have substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates could have negative effects on such countries' economies and securities markets. There can be no assurance that adverse political changes will not cause a client to suffer a loss of any or all of its investments or, in the case of fixed income securities, interest thereon.

Real Estate Concentration Risk. Real estate funds and accounts invest a substantial portion of their assets in real estate-related interests. A strategy that invests at least 25% of its net assets in one sector or industry is more susceptible to adverse economic or regulatory occurrences affecting that sector or industry, such as changes in interest rates, loan concentration and competition. Accordingly, an adverse development in the real estate sector or industry could significantly adversely impact the strategy because it is not diversified across diverse asset classes.

Real Estate Securities Risk. The risks of investing in real estate-related securities are similar to those associated with direct investments in real estate. Such risks include, without limitation,

falling property values due to increasing vacancies or declining rents resulting from economic, legal, political or technological developments, limited diversification and sensitivity to certain economic factors, such as interest rate changes and market recessions. Privately-placed real estate securities are generally illiquid. Such illiquidity tends to limit the ability of real estate investors to respond to changes in economic or other conditions. There can be no assurance that downturns or prolonged adverse conditions in the real estate or capital markets or in the economy will not have a material adverse impact on Clients and investors.

Risks Related to Property Insurance. Although borrowers are required to keep or cause their mortgage properties to be insured at all times against certain risks, there is the possibility of casualty losses for which the insurance proceeds might not be adequate or which could result from risks not covered by the insurance. Should an uninsured or underinsured loss occur, the borrower could lose its capital invested in, and anticipated profits from, the mortgaged property, and the borrower's ability to make interest and principal payments on the mortgaged loan could be adversely affected. In addition, the lender is relying on the creditworthiness of the insurers providing insurance with respect to the mortgaged properties. There can no assurance that the borrowers have complied with, are complying with, or in the future will be able to comply the requirements to maintain adequate insurance with respect to the mortgaged properties or that the borrowers will be able to maintain insurance with insurers that meet the requirements of the loan documents. In addition, the loan documents can provide for certain types of insurance (including, without limitation, earthquake and flood insurance) to be required only at the lender's discretion, and the lender might not elect to require that borrowers obtain such insurance in all cases.

Valuation Risk. There could be no, or only a limited, liquid market for private mortgage loans and other private debt instruments, and the fair value of such assets might not be readily determinable. There can be no assurance that the value assigned to the debt instruments at a certain time will accurately reflect the value that will be realized upon the eventual sale of the investments. Investor performance can be adversely affected if such valuation determinations are materially higher than the value ultimately realized upon the disposition of the debt instruments.

Item - 9 - Disciplinary History

Registered investment advisers are required to disclose all material facts regarding any legal and disciplinary events that are material to an evaluation of the adviser and the integrity of its management. Impact, ICC and their officers and employees have not been the subjects of any legal or disciplinary events that are material in any way to an evaluation of Impact's advisory business and the integrity of Impact's management.

Item - 10 - Other Financial Industry Activities and Affiliations

Related Persons. As discussed in Item 4 above, Impact is wholly owned by ICC. ICC is a Delaware limited liability company that is owned by some of the leading U.S. insurance companies. ICC's Board oversees the activities of ICC and Impact, and the Board is composed of representatives of its members. ICC's members are also major investors in the Funds. Such interrelationships and potential conflicts of interest are fully disclosed to investors prior to their investment in the Funds. A subset of ICC's members also provides a revolving line of credit to a

certain Fund, AHF, to finance AHF's investment activities, and could, in the future, provide similar lines of credit to other Funds.

Item - 11 - Code of Ethics, Participation of Interest in Client transactions and Personal Trading

Code of Ethics. Impact has adopted a Code of Ethics Code of Ethics ("Code") pursuant to SEC Rule 204A-1 under the Advisers Act for its and ICC's officers and employees ("Associates") that requires all Associates, among other things, to: act with integrity, honesty competence and in an ethical manner; comply with applicable U.S. federal securities laws, as well as all other applicable laws, rules and regulations; and promptly report violations of the Code. All Associates are required to certify at least annually that they have read and understand the Code. Clients and prospective Clients can obtain a copy of the Code by contacting at 415-981-1074. The Code includes:

- *Protection of Non-Public Information.* Policies and procedures designed to prevent and detect the misuse of material non-public information by Associates. These procedures require all Associates who believe they might be in possession of material non-public information to notify the Chief Compliance Officer ("CCO") who will determine the appropriate actions to be taken.
- *Personal Investing.* Policies and procedures based on the principle that Associates owe a duty to Clients (i) to conduct personal securities transactions in a manner that does not interfere with Client transactions and (ii) to not enjoy a benefit at the expense of any Client or to otherwise take unfair advantage of their relationship with Clients. All Associates must report their securities transactions on a quarterly basis and disclose their holdings annually in accordance with the requirements of Rule 204A-1. Associates must receive pre-clearance for any direct or indirect acquisition of any securities in an initial public offering or private placement.
- *Gifts and Entertainment.* Policies and procedures prohibiting the acceptance and extension of gifts or entertainment that are excessive or extravagant, if such gifts or entertainment are in relation to Impact's business. Procedures include quarterly reporting of gifts or entertainment received or offered, a dollar limit on gifts that can be accepted from any one source during a calendar year, and pre-clearance of entertainment that might be considered extravagant or excessive.
- *Political Contributions.* Policy and procedures governing political contributions and other activities that support political parties, candidates for public office, political action committees or political causes. Specific rules exist for political contributions and activities, and Associates are required to seek preclearance and approval for political contributions to and hosted events for state and local government officials and candidates for those positions.

Participation or Interest in Client Transactions. Impact and its affiliates can invest in Clients, directly or indirectly, and accordingly might have economic interests that are comparable to the membership interests of other investors in the Clients. In some instances, Impact and its affiliates could be the first participants in such pooled investment vehicles and might be the only participants for one or more years. Impact treats these vehicle accounts the same as other Client accounts.

Impact and its affiliates could also participate in securities transactions in which Clients are or were invested. For example, Impact and its affiliates could acquire mortgage loan pass-through certificates in securitizations in which the Funds are the mortgage loan sellers and the Separate Account SPVs are the sponsors and depositors of the securitizations. Impact's affiliates and underlying owners can also provide credit facilities to certain Clients to finance their investment activities. Impact will disclose such conflicts of interest to Clients in the Constituent Documents and other disclosure materials.

Item - 12 - Brokerage Practices

Portfolio Transactions. Clients invest primarily in privately placed securities and neither they nor Impact generally engage broker-dealers or other intermediaries to execute such transactions. In limited circumstances, Impact can place orders with broker-dealers for Client transactions. Purchases and sales of equity securities on a securities exchange or an over-the-counter market are effected through broker-dealers who receive commissions for their services. Purchases and sales of fixed-income securities are generally made with an issuer or a primary market-maker acting as principal with no stated brokerage commission. Prices for fixed-income securities in secondary market trades usually include undisclosed compensation to the market-maker reflecting the spread between the bid and ask prices for the securities. The prices for equity and fixed-income securities purchased in primary market transactions, such as initial public offerings, new fixed-income issues, secondary offerings and private placements, can include underwriting fees.

Best Execution. In selecting broker-dealers, Impact seeks to obtain "best execution" for Client transactions. Best execution is the most favorable total price results reasonably attainable under the circumstances, taking into account a variety of factors, including qualitative ones. These factors include the size and type of the transactions, the nature and character of the markets for the securities to be purchased or sold, the cost, quality, likely speed and reliability of execution and settlement, the broker-dealers' ability to offer liquidity and anonymity and the trade-off between market impact and opportunity costs. Impact does not obligate itself to obtain the lowest commission or best net price to the exclusion of price, service and qualitative considerations. Brokerage commissions are only a small part of total execution costs and other factors, such as market impact and speed of execution, contribute significantly to overall transaction costs.

Soft Dollars. Impact has not entered into any soft dollar arrangements with any broker-dealers to pay commissions in excess of what another broker-dealer might have charged in recognition of brokerage and investment research services. Impact could rely on Section 28(e) of the Securities Exchange Act of 1934, which permits an investment adviser such as Impact to cause a Client to pay a broker-dealer a commission that is higher than another broker-dealer might have charged when the investment adviser determines in good faith that the amount of commission is reasonable in relation to the value of any research, other products and brokerage services provided by such broker-dealer that provides lawful and appropriate assistance to the investment adviser in its investment decision-making or trade execution processes. In such circumstances, the investment adviser can be deemed to be paying for such research, other products and brokerage services with soft dollars, and not Impact's own funds, and thus Impact could receive a benefit. In addition, Impact could, from time to time, receive and benefit from unsolicited research, other products or

services provided by broker-dealers and might, therefore, have an incentive to place both principal and Client trades with broker-dealers that provide useful research, other products or services.

Securitizations. Clients can sell pools of mortgages to issuing entities that, in turn, securitize the pools and offer and sell the certificates to QIBs in private transactions. In such cases, Impact might engage broker-dealers as placement agents, managers and bookrunners of the Offerings (collectively, “Underwriters”). In selecting the Underwriters, Impact can consider various factors, including, without limitation, relevant experience, analytic capability, prior offerings with Impact, recent competitive sales, access to the marketplace, distribution capabilities, conflicts of interest, compensation structure and ability to complete the transactions in an orderly and timely manner. The Underwriter’s affiliates might provide banking or custodial services for Clients.

Trade Aggregation. Since Clients primarily invest in privately-placed securities that are purchased from the issuers, Impact generally does not aggregate securities transactions for Clients. However, where available and appropriate, Impact might aggregate purchases or sales of any security effected for Client accounts with purchases or sales of the same security effected on the same day for other Client accounts. When transactions are aggregated, the actual prices applicable to the aggregated transaction generally will be averaged, and all participating accounts will be deemed to have purchased or sold its share of the security, instrument or obligation involved at such average price. All transaction costs incurred in effecting the aggregated transaction will be shared on a pro-rata basis among all participating Clients.

Directed Brokerage. Impact does not routinely recommend, request or require that Clients direct trading orders to any specific broker-dealers. Impact could, however, accommodate requests from Clients for Impact to use certain broker-dealers to execute portfolio transactions for Clients.

Brokerage for Client Referrals. Impact currently does not consider Client referrals from broker-dealers or third parties in selecting or recommending broker-dealers.

Item - 13 - Review of Accounts

Client investments are reviewed regularly and whenever there is activity by a team of investment and compliance professionals. The team generally includes Impact’s principal executive officers, CCO and other investment professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of the investments owned by each Client. In addition, ICC’s Board is provided information relating to portfolio activity and results for Clients including quarterly and annual financial statements.

Client investors receive written quarterly unaudited reports of performance and account balances from Impact’s affiliates, as well as annual audited financial statements. Impact or its affiliates, in each of their discretion, could provide more frequent reports and/or more detailed information to investors.

Item - 14 - Client Referral and Other Compensation

Impact has not entered into any referral fee arrangements to compensate affiliated or unaffiliated parties for referring or otherwise recommending its investment services to Clients and investors. Impact could, in the future, engage parties to act as solicitors for Impact's investment management business. To the extent required, such referral arrangements will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act, SEC guidance and other applicable law. The compensation can consist of cash payments computed as a flat fee, a percentage of the Impact's advisory fees or other methods of computation agreed upon between the parties. All compensation payable by Impact under such arrangements will be fully disclosed to Clients and investors.

Additionally, to date, neither Impact nor a Client has engaged broker-dealers, placement agents, solicitors or finders to assist in the placement of Client interests. Impact or a Client could, in the future, enter into written arrangements with broker-dealers, placement agents, solicitors or finders to provide such assistance. Information regarding any engagements, including the compensation payable by Impact and/or the Clients, will be disclosed in offering documents or otherwise disclosed in the Constituent Documents.

Item - 15 - Custody

Impact does not act as custodian for Client assets. However, pursuant to Rule 206(4)-2 under the Adviser Act, Impact and its affiliates could be deemed to have custody of Client assets because they serve as a general partner or managing member (or in a similar capacity) for Clients. Clients and in some cases, Impact on a Client's behalf, have entered into agreements with qualified custodians to hold their assets as disclosed in the Clients' Constituent Documents or offering materials.

Currently, Clients are audited at least annually by independent public accountants that are registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Clients generally distribute their audited financial statements on an annual basis to all investors within 120 days after the calendar year end (or 180 days after the calendar year end in the case of funds-of-funds).

Item - 16 - Investment Discretion

Impact generally has discretionary authority to supervise and direct the investment of assets under its management, without obtaining prior specific Client consent for transactions. However, this investment discretion is granted by written authority of the Clients and is subject to any limitations set forth in the Clients' Constituent Documents. Under its discretionary authority, Impact could make the following determinations in accordance with the Clients' investment objectives, investment guidelines and restrictions, internal policies and applicable law and practice, without prior consultation or consent before transactions are effected: the specific securities (or other financial instruments) to buy or sell; the total amount of securities to buy or sell; the brokers and dealers used to buy or sell securities; and/or the prices and commission rates at which securities transactions for Client accounts are effected.

Item - 17 - Voting Client Securities

Impact primarily invests in privately placed securities that do not provide voting rights to investors. In limited situations, Impact could receive proxies and corporate actions from issuers. Impact has adopted written proxy voting policies and procedures (“Proxy Policy”) as required by Rule 206(4)-6 under the Advisers Act. In addition to covering the voting of equity securities, the Proxy Policy also applies generally to voting and consent rights of fixed income securities including, but not limited to, plans of reorganization, and waivers and consents under applicable indentures. The Proxy Policy does not apply, however, to consent rights that primarily entail decisions to buy or sell investments, such as tender or exchange offers, conversions, put options and redemptions. The Proxy Policy is designed and implemented in a manner reasonably expected to ensure that voting and consent rights are exercised in the best interests of Clients, including Funds and their investors. If a Client’s Constituent Documents are silent on proxy voting but contain an overall delegation authority, Impact will assume authority for proxy voting. Impact maintains a record of all proxy votes cast on behalf of each Client. Clients and investors can contact Impact at 415-981-1074 to obtain, free of charge, a copy of the proxy voting policy and/or information with respect to specific proxy votes.

Item - 18 - Financial Information

Impact is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients. In addition, Impact does not require or solicit prepayment of fees from Clients six or more months in advance, and, as such, it is not required to include its balance sheet for its most recent fiscal year.