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This brochure ("Brochure") provides information about the qualifications and business practices of Blue Heron Infrastructure Inc. (hereinafter "Blue Heron", "BHI", or the "Firm") and its investment strategies. To request a copy of our Brochure or if you have any additional questions about the contents of this Brochure, please contact Tim Pynchon at (781) 729-0962. 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 Blue Heron is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of Adviser.

Blue Heron Infrastructure Inc. is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify clients and provide a description of the material changes.

Generally, Blue Heron Infrastructure, Inc. will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

The Brochure dated March 2023, has been updated as of March 28, 2024, with the following:

- Items 4 ("Advisory Business"), 5 ("Fees and Compensation"), 7 ("Types of Clients") and 13 ("Review of Accounts") have been updated to clarify the distinct differences between the Firm's separate lines of business, i.e., investment management of Separately Managed Accounts and portfolio management of Private Investment Funds.
- Item 6 ("Performance-Based Fees and Side-By-Side Management") has been updated to clarify that performance-based fees are charged only with respect to Private Investment Funds.
- Item 12 has been updated to specifically address the Firm's broker selection and directed brokerage practices.
- Item 19 ("Requirements for State-Registered Advisers") was updated potential conflicts of interest related to performance-based fees.
- Other minor changes were made to clarify or enhance existing disclosures, but we do not consider these other changes to be material.

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Item 4. Advisory Business

Blue Heron initially registered with the SEC in June 2021. As further described in Item 2 above, Blue Heron has filed an application for Investment Adviser Registration with the Commonwealth of Massachusetts. Blue Heron is a Massachusetts corporation, shares of which are owned solely by Timothy Pynchon. As of December 31, 2023, Blue Heron managed \$56,998,894 of regulatory assets under management of which \$50,939,261 was managed through Separately Managed Accounts and \$6,059,633 was managed through Private Investment Funds.

This Brochure provides you with information regarding our business practices and the nature of our services. Individuals associated with Blue Heron who will provide investment advice on our behalf are known as Investment Adviser Representatives ("IARs"). We require IARs engaged in determining or offering investment advice to clients to be properly licensed and registered, unless exempted by the states in which they provide services from such requirement.

Blue Heron offers investment management services to retail clients and institutions through Separately Managed Accounts and to Private Investment Funds. Prior to engaging Blue Heron to provide investment management services, clients are required to enter into one or more written agreements with Blue Heron setting forth the terms and conditions under which Blue Heron renders its services.

Below is a description of our advisory services. As an innovative asset manager, Blue Heron seeks to generate an attractive level of income for our investors through high conviction, project revenue and credit-driven strategies in both short duration bridge loan securities and high-yield tax-exempt bonds.

SEPARATELY MANAGED ACCOUNTS

Blue Heron will manage clients' investment portfolios through Separately Managed Accounts (hereinafter "SMA") primarily on a discretionary basis. The Firm provides these portfolio management services primarily allocating clients' investment assets among taxable bridge loan securities and higher yield tax-exempt bonds. Given the investment strategy of Blue Heron, in most, if not all cases, Blue Heron only has access to, and manages, a portion of a client's wealth portfolio so to support proper diversification of assets.

SMA services are tailored to the individual needs of clients and clients may impose restrictions on investing in certain securities or types of securities.

PRIVATE INVESTMENT FUNDS

Blue Heron manages and serves as the adviser to Glide Direct Series, LLC, organized as a "multi-series" Delaware limited liability company (the "Fund") to operate as a private investment fund. Glide Capital, LLC, a Florida limited liability company, serves as the manager and operator of the Fund ("Operator"). Separate and distinct investment classes have been established by the Fund, and as separate series with respect to the members of the Fund which may have, for example, a different investment objective or strategy or leverage policy.

Currently, the Fund's primary investment objective is to provide current income. The Fund's secondary investment objective is to seek total return.

Blue Heron will act as the discretionary investment advisor for each applicable series in accordance with the terms and conditions of the Investment Advisory Agreement entered into by Blue Heron, the Fund and the Fund Operator (hereinafter, the *IAA*), the provisions of the Fund's Operating Agreement, and subject to the overall supervision of the Operator.

Investors will be offered to invest in one or more of the following pooled investment vehicles, each organized as a Massachusetts limited liability company: Blue Heron Short-Term Infrastructure Fund and Blue Heron Short-Term Infrastructure QP Fund (collectively, the "Series").

Blue Heron Short-Term Infrastructure Fund: Interests in the Fund are offered under Rule 506(b) of Regulation D of the Securities Act, and Section 3(c)(1) of the Investment Company Act for investment by up to 100 persons who are "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act who have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of an investment in the Fund, and qualify as "qualified clients" as defined in Rule 205-3 under the Advisers Act.

Blue Heron Short-Term Infrastructure QP Fund: Interests in the Fund (i.e.,) are offered under Rule 506(b) of Regulation D of the Securities Act, and Section 3(c)(7) of the Investment Company Act for investment by up to 1,999 persons who "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act or "knowledgeable employees" as defined in Rule 3c-5 of the Investment Company Act who have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of an investment in the Fund.

Investors whose subscriptions are accepted by the Operator to the Fund shall be referred herein individually as "Member," and collectively with the Operator, the "Members."

Participation in the Fund is intended only for accredited investors, who are willing to assume the risks of investing in private funds.

As defined by Rule 501 of the Securities Act of 1933, accredited investor shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

- (1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 or registered pursuant to the laws of a state; any investment adviser relying on the exemption from registering with the Commission under section 203(l) or (m) of the Investment Advisers Act of 1940; any insurance company as defined in section 2(13) of the Act; any investment company

registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

- (2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
- (3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- (4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, exceeds \$1,000,000.
 - (i) Except as provided in paragraph (a)(5)(ii) of this section, for purposes of calculating net worth under this paragraph (a)(5):
 - (A) The person's primary residence shall not be included as an asset;
 - (B) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
 - (C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;
 - (ii) Paragraph (a)(5)(i) of this section will not apply to any calculation of a person's net worth made in connection with a purchase of securities in accordance with a right to purchase such securities, provided that:
 - (A) Such right was held by the person on July 20, 2010;
 - (B) The person qualified as an accredited investor on the basis of net worth at the

time the person acquired such right; and

(C) The person held securities of the same issuer, other than such right, on July 20, 2010.

- (6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse or spousal equivalent in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii); and
- (8) Any entity in which all of the equity owners are accredited investors.
- (9) Any entity, of a type not listed in paragraph (a)(1), (2), (3), (7), or (8), not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000;
- (10) Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status. In determining whether to designate a professional certification or designation or credential from an accredited educational institution for purposes of this paragraph (a)(10), the Commission will consider, among others, the following attributes:
 - (i) The certification, designation, or credential arises out of an examination or series of examinations administered by a self-regulatory organization or other industry body or is issued by an accredited educational institution;
 - (ii) The examination or series of examinations is designed to reliably and validly demonstrate an individual's comprehension and sophistication in the areas of securities and investing;
 - (iii) Persons obtaining such certification, designation, or credential can reasonably be expected to have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of a prospective investment; and
 - (iv) An indication that an individual holds the certification or designation is either made publicly available by the relevant self-regulatory organization or other industry body or is otherwise independently verifiable;
- (11) Any natural person who is a "knowledgeable employee," as defined in rule 3c-5(a)(4) under the Investment Company Act of 1940 (17 CFR 270.3c-5(a)(4)), of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in section 3 of such act, but for the exclusion provided by either section 3(c)(1) or section 3(c)(7) of such act;
- (12) Any "family office," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1):
 - (i) With assets under management in excess of \$5,000,000,
 - (ii) That is not formed for the specific purpose of acquiring the securities offered, and

- (iii) Whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; and
- (13) Any “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1)), of a family office meeting the requirements in paragraph (a)(12) of this section and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (a)(12)(iii).

For purposes of the Investment Company Act of 1940, as amended (ICA), an entity that falls within the meaning of Section 2(a)(51) of the ICA, which generally includes:

- Any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in an issuer that is excepted under Section 3(c)(7) of the ICA with that person's qualified purchaser spouse) who owns not less than \$5 million in investments, as defined by ICA Rule 2a51-1.
- Any company that owns not less than \$5 million in investments and that is owned directly or indirectly by or for two or more natural persons who are related as siblings, as a spouse (including former spouses), direct lineal descendants by birth or adoption, spouses of these persons, the estates of these persons, foundations, charitable organizations, or trusts established by or for the benefit of these persons.
- Any trust that is not covered by the second bullet above and that was not formed for the specific purpose of acquiring the securities offered, in which the trustee or other person authorized to make decisions for the trust, and each settler or other person who has contributed assets to the trust, is a person described in the first, second, or fourth bullets.
- Any person, acting for their own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25 million in investments.
- Any qualified institutional buyer (QIB) as defined in Rule 144A under the Securities Act of 1933, as amended, acting for its own account, the account of another QIB, or the account of a qualified purchaser, provided that:
 - a dealer described in Rule 144A(a)(1)(ii) must own and invest on a discretionary basis at least \$25 million in securities of issuers that are not affiliated persons of the dealer; and
 - a plan referred to in Rule 144A(a)(1)(D) or (E), or a trust fund referred to in Rule 144A(a)(1)(F) that holds the assets of that plan, will not be deemed to be acting for its own account if investment decisions concerning the plan are made by the beneficiaries of the plan, except for investment decisions made solely by the fiduciary, trustee, or sponsor of that plan.
- Any company, if each beneficial owner of the company's securities is a qualified purchaser (ICA Rule 2a51-3(b) (17 C.F.R. § 270.2a51-3(b))).
- Any natural person who is deemed to be a "knowledgeable employee" of a Section 3(c)(7) fund, as that term is defined in ICA Rule 3c-5(a)(4) (17 C.F.R. § 270.3c-5(a)(4)) and (ICA Rule 3c-5(b) (17 C.F.R. § 270.3c-5(b))).

- Certain persons who receive securities in a Section 3(c)(7) fund from a qualified purchaser as a gift, bequest, or due to certain other involuntary events (ICA Section 3(c)(7)(A) (15 U.S.C. § 80a-3(c)(7)(A)) and (ICA Rule 3c-6) (17 C.F.R. § 270.3c-6)).

However, the term "qualified purchaser" does not include any company that, but for the exceptions provided for in Sections 3(c)(1) or 3(c)(7) of the ICA, would be an investment company (excepted investment company), unless all beneficial owners of its outstanding securities (other than short-term paper), determined in accordance with Section 3(c)(1)(A) of the ICA, that acquired these securities on or before April 30, 1996 (pre-amendment beneficial owners), and all pre-amendment beneficial owners of the outstanding securities (other than short-term paper) or any excepted investment company that, directly or indirectly, owns any outstanding securities of that excepted investment company, have consented to its treatment as a qualified purchaser. (ICA Section 2(a)(51)(C) (15 U.S.C. § 80a-2(a)(51)(C)).)

Item 5. Fees and Compensation

SEPARATELY MANAGED ACCOUNTS (SMA)

Investment Management Fees

Blue Heron offers its investment management services on a fee basis based upon a percentage of the market value of assets under management. For SMAs, Blue Heron provides investment management services for a management fee between 0.60% and 1.50% annually depending on the type of investment, allocation, size, asset mix or wealth management services to be rendered. Blue Heron, in its sole discretion, may also consider related accounts, pre-existing relationships, anticipated future assets, and pro bono activities, among other factors, when determining the annual fee.

The management fee will be prorated and paid quarterly, in arrears, based upon the average daily balance of the Assets during the billing quarter. Alternatively, the management fee may be prorated and paid quarterly, in arrears, based upon the average month-end balance of the Assets in the preceding three (3) months. The management fee for the initial quarter shall be calculated on a pro rata basis commencing on the day the Assets are initially designated to us for management under the client's Investment Management Agreement with Blue Heron (hereinafter "*IMA*").

Blue Heron's annual fee is exclusive of, and in addition to, charges and other related costs (if applicable) imposed by third parties for investments held in the client's account.

Fee Payment

Blue Heron's *IMA* authorizes Blue Heron to debit the SMA client's account held at the custodian for the amount of Blue Heron's fee and to directly remit that management fee to Blue Heron. Any custodians recommended by Blue Heron have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account, including the amount of management fees paid directly to Blue Heron.

Termination Policy

Clients shall have five (5) business days from the date of execution of the *IMA* to terminate BHI's services. The *IMA* between Blue Heron and the client will continue in effect from the date set forth in the *IMA* and may be terminated by either party pursuant to the terms of the *IMA*. Blue Heron's fees will be prorated through the date of termination and any remaining balance will be charged or refunded to the client, as appropriate.

PRIVATE INVESTMENT FUNDS

Fund Advisory Fees

In its capacity as investment adviser to the two Private Investment Funds, BHI receives an advisory fee that is paid from the Fund(s) portfolio(s). The amount of the fee is disclosed in the relevant supplement for the applicable portfolio and may be calculated (1) as a percentage of the net asset value of the portfolio and/or (2) prorated for each member and for partial periods (meaning, any new or existing member that subscribes for interests at any time other than the first day of a month will be assessed a pro-rated portion of the advisory fee with respect to such subscription).

BHI charges an advisory fee for this service ranging from 1.00% to 1.50% depending on the Class offered in addition to a performance fee. See table below:

Series Name	Advisory Fee	Performance Fee
Blue Heron Short-Term Infrastructure Fund	Founders Class I, up to the first \$50m of aggregate Commitments = 1.00% Founders Class II, from \$50m - \$100m of aggregate Commitments = 1.25% Class C-above \$100m = 1.50%	Founders Class I, up to the first \$50m of aggregate Commitments = 10% after an 8% hurdle with full catch-up Founders Class II, from \$50m - \$100m of aggregate Commitments = 12.50% after an 8% hurdle with full catch-up Class C-above \$100m = 15.00% after an 8% hurdle with full catch-up
Blue Heron Short-Term Infrastructure QP Fund	Founders Class I, up to the first \$50m of aggregate Commitments = 1.00% Founders Class II, from \$50m - \$100m of aggregate Commitments = 1.25% Class C-above \$100m = 1.50%	Founders Class I, up to the first \$50m of aggregate Commitments = 10% after an 8% hurdle with full catch-up Founders Class II, from \$50m - \$100m of aggregate Commitments = 12.50% after an 8% hurdle with full catch-up Class C-above \$100m = 15.00% after an 8% hurdle with full catch-up

Termination Policy

Blue Heron may terminate the *IAA* at any time by giving not less than 180 days' written notice to the Fund. The Fund may terminate the *IAA* at any time by giving not less than 90 days' written notice to Blue Heron.

Item 6. Performance-Based Fees and Side-By-Side Management

We do not charge management fees based on a share of the capital gains on or capital appreciation of the assets in a client's Separately Managed Account. However, as disclosed in Item 5 above, Blue Heron will receive performance-based compensation with respect to its Private Investment Funds. The performance-based fees are paid annually in arrears and subject to certain preferred return hurdles. BHI may manage, at the same time, accounts that are charged a performance-based fee and accounts that are charged a fee only based on assets under management (referred to as "side-by-side" management). As a result, BHI has an incentive to favor accounts for which BHI receives a performance-based fee because such accounts could generate higher compensation. Clients should be aware that this creates a conflict of interest and may indirectly influence the way BHI manages the client's account. To address these conflicts of interest, BHI has developed and implemented a Compliance Program, which includes a review of the services and the fees charged to clients. Our compensation structure is disclosed in detail in Item 5 above.

Item 7. Types of Clients**SEPARATELY MANAGED ACCOUNTS (SMA)**

Blue Heron provides its Separately Managed Account services to high net worth investors and institutions.

Eligibility

For BHI's SMA services whereby each client signs an *IMA*, BHI gathers information to assess suitability, including Investment Experience, Time Horizon, Investment Objective, and Income Needs. Clients must also meet minimum investment requirements and require no need for immediate liquidity in the investment.

Minimum Account Size

Depending on the strategy, minimum account sizes may be required in order to properly allocate a portfolio and to receive the best execution within each asset class. The minimum initial investment for a bridge loan-only SMA is \$100,000; for a high yield tax-exempt bond SMA, the minimum investment range recommended (not mandated) is \$500,000 to \$1,000,000.

PRIVATE INVESTMENT FUNDS

Blue Heron can offer its Funds to eligible investors as outlined below.

Eligibility

Interests in the Short-Term Infrastructure QP Fund are offered to qualified purchasers under Rule 506(b) of Regulation D of the Securities Act, and Section 3(c)(7) of the Investment Company Act. Interests in the Short-Term Infrastructure Fund are offered to accredited investors under Rule 506(b) of Regulation D of the Securities Act, and Section 3(c)(1) of the Investment Company Act. Investors must qualify for eligibility by submitting a Fund subscription document which contains a detailed Investor Questionnaire assessing accredited or qualified purchaser status amongst other items. Investors also must meet minimum investment requirements and have no need for immediate liquidity. Other suitability screening for Fund investors can also come from their respective financial advisor/wealth manager prior to the investment.

Minimum Account Size

Account minimum is \$250,000.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Blue Heron utilizes statistical analysis and proprietary investment management tools in order to select High Yield Securities for its client's portfolios. Blue Heron will seek to maximize the client's portfolio total return through capital appreciation and current yield from investments primarily in tax-exempt and taxable securities with a focus on securities that are rated below investment grade, including unrated securities. The approach is a top down/bottom-up investment process taking into account the following key factors:

- **Investment Universe**

BHI's investment universe includes bridge loan financing; a practical and affordable lending solutions to companies that do not meet the conventional and often unreasonable criteria demanded by banks, private equity firms or mezzanine lenders, as well as the tax-exempt financing that follows; investment universe also consists of U.S. tax-exempt project revenue bonds nationally across regions and sectors: investing in America's infrastructure –essential services such as healthcare, transportation, education, manufacturing, and power/energy.

- **Macro Economics**

Top-down economic factors such as interest rates, credit cycles and political trends are assessed. Individual local and state analysis (fiscal policy, political climate, surplus/deficits) are also weighed and combined with industry analysis.

- **Relative Value Comparisons**

A unique relative value, risk-managed approach allows for a critical balance of our most compelling ideas against identified risks in constructing an optimal portfolio.

- **Fundamental Research**

Detailed and in-depth due diligence is completed on credits – in search of industry leaders, experienced and skilled managements, strong financial resources, balance sheet

flexibility and stable to expanding margins.

Risks of Loss

Description of Certain Instruments and Associated Risks Where Applicable:

Investing in securities involves risks, and many variables, including, but not limited to market and economic fluctuations, may have a substantial negative effect on the value of your securities positions. Furthermore, you represent at the time of the Investment Advisory Agreement (for the Funds) and/or the *IMA* (Separately Managed Account) that you are willing to assume these risks and that you are in fact financially able to bear these risks. You agree to notify BHI in writing should your financial condition materially change or should your investment objective change from the one shown on the Account Application.

Bridge Loan Instruments. BHI may invest in taxable, short-term, bridge loans to provide borrowers with critical funding for earlier stage projects, including renewable and recycling projects, ports and terminals, and real estate, and to bridge the timing and working capital needs gap until ready for permanent financing. These securities may be subject to credit and liquidity risks. At this time there is no active secondary market for the bridge loan strategy. Investors should consider the investment to be illiquid until redemption occurs. There is no guarantee that a redemption will occur. Additional risk factors include the possibility of default and changes in value based on public perception of the borrower. The bridge loan market can also be affected by adverse tax, legislative or political changes, and the financial condition of the issuers.

High Yield Securities. BHI may invest in below-investment grade fixed income securities (commonly known as “junk bonds”) that are considered speculative. Below-investment grade securities typically offer higher income potential and involve greater risk than higher-rated securities. These securities generally are issued by municipalities that may be in less secure financial condition. Adverse economic conditions may have a greater impact on such issuers. There is a greater likelihood that issuers of below-investment grade securities will be unable to make timely payments of interest and principal.

Municipals Bonds. Municipal bonds – sometimes backed by the taxing power of a municipality, sometimes dedicated revenue streams, sometimes by other sources – are subject to government approvals and the political process and are limited in aggregate amount by various provisions of the Internal Revenue Code of 1986, as amended (the “Code”). The maturity dates, call and sinking fund payment and other terms of these securities vary widely, as does the demand for different issues, as well as the creditworthiness and the market’s acceptance of the respective issuers. BHI may invest in municipal securities with a broad range of maturities.

Taxable Municipal Instruments. BHI may invest, to a lesser extent, in taxable municipal securities. These instruments are issued by municipalities for private purposes, which the federal government has not subsidized with a tax exemption. These projects include pension funding, housing, airport revenue, education, health care, stadiums, second refundings, some leases and a substantial number of government obligations.

Distressed Securities. BHI may trade in securities that are, or are about to be, involved in reorganizations, financial restructurings, or subject to bankruptcy proceedings or otherwise in default as to the repayment of principal and/or payment of interest at the time of acquisition or

are rated in the lowest rating categories by at least one independent rating agency, or if unrated, judged to be of comparable quality.

AMT Securities. BHI may also trade in securities – primarily “activity bonds” (i.e., bonds issued by municipalities for non-governmental purposes, such as constructing a sports stadium) – the interest on which is exempt from regular federal income tax but subject to the AMT.

Taxable Debt Instruments. BHI may use U.S. Treasury and government agency securities, including mortgage-backed agency securities, interest rate swaps and futures and other taxable debt and debt-related instruments, both for investment and hedging purposes.

Swaps and Other Derivatives. BHI may, but is not required to, use derivatives for a variety of purposes, including as a hedge against adverse changes in the market price of securities, interest rates or currency exchange rates; as a substitute for purchasing or selling securities; and to increase BHI’s return as a non-hedging strategy that may be considered speculative. BHI may choose not to make use of derivatives for a variety of reasons, and any use may be limited by applicable law and regulations. BHI also may invest in subordinated securities and asset-backed securities and may hold cash or other short-term investments.

Market Risks

The profitability of a significant portion of Blue Heron’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Blue Heron will be able to predict those price movements accurately.

Concentration Risk

Concentrating investments in a particular country, region, market, industry or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that country, region, market, industry or asset class.

Management Through Similarly Managed Accounts

Blue Heron may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “investment strategy”). In so doing, Blue Heron buys, sells, exchanges and/or transfers shares of securities based upon the *investment strategy*.

Blue Heron’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Use of Margin

BHI does not utilize margin.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Blue Heron is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its investment advisory business or the integrity of management. Blue Heron does not have any disclosure items to detail within this section. However, pursuant to 950 MASS. CODE REGS. 12.205(8)(a)4, BHI discloses, within this section, that it is at the discretion of the client to obtain the disciplinary history of Blue Heron or its representatives from the Division of Massachusetts upon request.

For any complaints or information regarding disciplinary action please contact the Massachusetts Securities Division at (617) 727-3548.

Item 10. Other Financial Industry Activities and Affiliations

Blue Heron is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Blue Heron Structured Finance, Inc. is a consulting firm under the common ownership of Blue Heron Infrastructure's Principal, Timothy Pynchon. Blue Heron Structured Finance may provide consulting services to the issuer of instruments which may be held in the portfolios managed by BHI. In line with the fiduciary rule, BHI acts in the best interest of its customers in connection with its management of the assets.

Timothy Pynchon maintains an affiliation with Inscription Capital, LLC, as an investment adviser representative. He provides advisory services to Inscription Capital, LLC, clients in his role as portfolio manager at BHI. In relation to other financial industry activities and affiliations, Blue Heron will notify their clients promptly should they become aware of any conflicts of interest.

Timothy Pynchon also maintains a relationship with Celadon Financial Group, LLC ("Celadon") as a registered representative. Celadon is the preferred broker-dealer of record of all Blue Heron-sponsored bridge loans and other private placement debt instruments. Celadon provides investment banking and execution services to borrowers and issuers. Celadon also offers direct market access platforms, prime brokerage, agency desk, portfolio margin, securities lending, online account access, and portfolio reporting and analytics services. Blue Heron and Celadon are separate and unaffiliated entities.

Item 11. Code of Ethics and Personal Trading

Blue Heron has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). Its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Blue Heron or any of its associated persons. The Code of Ethics also requires that certain of Blue Heron's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Blue Heron and persons associated with Blue Heron (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Blue Heron’s policies and procedures. Such practices present a conflict of interest where, because of the information Blue Heron has, Blue Heron or its Associated Persons are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients’ trades). Blue Heron has adopted policies and procedures, such as pre-clearance of personal trades and disclosure of personal securities transactions and holdings for Associated Persons, in an effort to minimize such conflicts.

When Blue Heron is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Blue Heron is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Potential Conflicts of Interest

In the course of our normal business, Blue Heron may encounter situations where the Firm faces a conflict of interest or could be perceived to be in a conflict-of-interest situation. A conflict of interest occurs whenever the interests of the Firm or its personnel diverge from those of a client or when the Firm or its personnel have obligations to more than one party whose interests are different. In order to preserve our reputation and comply with applicable legal and regulatory requirements, the Firm believes managing perceived conflicts is as important as managing actual conflicts. Please refer to Item 10. Other Financial Industry Affiliations for additional information.

Allocation of Investment Opportunities

Blue Heron may have potential conflicts in connection with the allocation of investments or transaction decisions for client accounts, including situations in which the Firm may have interests in the investment being allocated and situations in which a Firm account (“Affiliated Client”) may receive certain percentage of the investments being allocated. Blue Heron seeks to manage all client accounts and Affiliate Clients in accordance with each account’s investment objectives and guidelines, and pursuant to the applicable legal and regulatory requirements.

The advice provided by the Firm to a client account, or an Affiliate Client may compete or conflict with the advice provided to another client account or may involve a different timing or course of action taken than with respect to a client account. For example, a client account may be competing for investment opportunities with the Firm and its Affiliated Clients and with other client accounts for certain limited investment opportunities.

Clients and prospective clients may contact Blue Heron to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Blue Heron generally recommends that clients utilize the brokerage and custodian/clearing services of Schwab, and/or Fidelity.

Factors which Blue Heron considers in recommending Schwab, Fidelity, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. Additionally, Blue Heron may also receive the following benefits from Schwab through its Schwab Institutional division and Fidelity through its Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional or Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Schwab and/or Fidelity may also provide other benefits to Blue Heron such as attendance at conferences and educational events. Although Blue Heron does not charge the client for access to these benefits, Schwab and/or Fidelity may discount or waive fees it would otherwise charge Blue Heron for these services.

These benefits are not provided in connection with clients' securities transactions (i.e., not "soft dollars"). The software, related systems support, and other economic benefits benefit us, but not our clients directly. In fulfilling our duties to our clients, we endeavor always to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits from a financial institution creates a conflict of interest since these benefits influence our choice of one financial institution over another that does not furnish similar software, systems support, or services.

Transactions may be cleared through other financial institutions with whom Blue Heron and the financial institutions have entered into agreements for prime brokerage clearing services. Blue Heron periodically and systematically reviews its policies and procedures regarding its recommendation of financial institutions in light of its duty to obtain best execution.

Brokerage for Client Referrals

In selecting or recommending broker-dealers for brokerage or clearing services, Blue Heron does not consider whether Blue Heron or a related person receives client referrals from a broker-dealer or third-party.

Directed Brokerage

Blue Heron does not recommend, request, or require that a client direct Blue Heron to execute transactions through a specified broker-dealer.

Item 13. Review of Accounts

SEPARATELY MANAGED ACCOUNTS (SMA)

Account Reviews

For those SMA clients to whom Blue Heron provides investment management services, Blue Heron monitors those portfolios as part of an ongoing process while regular account reviews are conducted as needed, but at least annually. Such reviews are conducted by one of the Firm's investment adviser representatives. Clients are encouraged to discuss their needs, goals, and objectives with Blue Heron and to keep Blue Heron informed of any changes thereto. Blue Heron contacts SMA clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and General Reports

Unless otherwise agreed upon, SMA clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian of the client accounts. Fund clients receive quarterly account statements from the Fund. All clients will also receive, from time to time, a report from the Firm that may include relevant account and/or market-related research information as well as performance reporting. BHI will send an invoice to its clients at the time an AUM fee is deducted from the client's account.

PRIVATE INVESTMENT FUNDS

The investment adviser will monitor on a daily basis each security position held in the Funds and the overall cash position of the Funds including on a monthly basis the net exposure of the Funds and any industry or sector concentrations of the Funds.

On a quarterly basis, all members will receive unaudited performance reports providing for the net asset value of the Funds, as calculated by the Funds' Administrator, and such other information as Blue Heron determines. The Funds' Administrator shall calculate valuations as at the close of business on the last business day of each calendar quarter in accordance with the Valuation Policy set out in the offering documents. Blue Heron will not be required to provide information with regard to specific investment transactions of the Funds.

The Funds' books will be audited annually by independent certified public accountants. The Funds currently engage Deloitte & Touche LLP, as the Fund's auditor. The Funds will send each member (i) monthly reports indicating the net asset value of that member's capital account, (ii) after the close of each fiscal year, audited financial statements (including a balance sheet, income statement and schedule of investments) of the Funds for the fiscal year then ended, and (iii) such tax information relating to the Funds as is necessary for the member to complete his or her federal income tax return. Information regarding positions held by the Funds, to the extent deemed proprietary or confidential by us, will not be made available to the limited members except as required by law.

Item 14. Client Referrals and Other Compensation

Economic Benefits

The Firm is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. We do not receive such benefits; however, please see Item 12 above related to ancillary benefits we receive from our custodians.

Client Referrals

The Firm is required to disclose any direct or indirect compensation that it provides for client referrals.

Blue Heron has relationships with other parties, which include service providers, accountants, lawyers, and data providers whose compensation is solely for the services for which they are engaged and may from time to time refer clients to BHI. Included among the other parties are third-party marketers who have entered into referral agreements with BHI whereby BHI will compensate the third-party marketers for promoting investment opportunities offered by the Funds. Fees paid for referrals will not be charged to BHI's clients or Fund investors.

Item 15. Custody

The client authorizes (via the *IMA*) its custodian to debit the SMA client's account for the amount of Blue Heron's fee and to directly remit that management fee to Blue Heron in accordance with applicable custody rules.

Custodians recommended by Blue Heron have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Blue Heron. BHI sends its own invoice to clients when it deducts their investment management fees from their accounts. Clients should carefully review the statements sent directly by the custodians and compare them to those received from Blue Heron.

Item 16. Investment Discretion

Blue Heron provides its investment management services on a discretionary basis. Blue Heron is considered to exercise investment discretion over a client's account because it can effect transactions for the client without first having to seek the client's consent. Blue Heron is given this authority through a signed *IMA* between Blue Heron and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Blue Heron takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The financial institutions to be utilized.

Item 17. Voting Securities

Blue Heron will not ask for, nor accept voting authority for client securities. Clients may receive proxies directly from the issuer of the security or the custodian. We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18. Financial Information

Blue Heron does not require or solicit the prepayment of any fees six months or more in advance. In addition, Blue Heron is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Blue Heron has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Advisers

- A. Identify each of your principal executive officers and management persons and describe their formal education and business background.

Timothy Pynchon is the sole Principal of BHI. His formal education and business background is presented in Form ADV 2B, Brochure Supplement.

- B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

Not applicable.

- C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a supervised person are compensated for advisory services with performance-based fees, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Blue Heron will receive performance-based compensation, paid annually in arrears, with respect to its Private Investment Funds. The performance-based fees are subject to certain preferred return hurdles as more fully described in Item 5. BHI manages accounts that are charged a performance-based fee and accounts that are charged a fee only based on assets under management (referred to as “side-by-side” management). As a result, BHI has an incentive to favor accounts for which BHI receives a performance-based fee because such accounts could generate higher compensation and carry a higher degree of risk. Clients should be aware that this creates a conflict of interest and may indirectly influence the way BHI manages the client’s account. To address these conflicts of interest, BHI has developed and implemented a Compliance Program, which includes a review of the services provided and the fees charged to our clients.

Not applicable.

- D. If you or a management person has been involved in one of the events listed below, disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Not applicable.

- E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

All related information is included in Item 10 of Part 2A.