

FORM ADV PART 2A: BROCHURE



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CRD # 326743

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Espresso Capital Advisors Inc. (“ECA”). If you have any questions about the contents of this Brochure, please contact us at (877) 605-2021. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about ECA is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search the SEC’s site using a unique identifying number, known as a CRD number. The CRD number for Espresso Capital Advisors Inc. is # 326743.

ITEM 2: MATERIAL CHANGES

Since the initial Form ADV Part 2A Brochure for Espresso Capital Advisors Inc. (“ECA”) was filed on June 30, 2023, ECA has become registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”). ECA reports no material changes to its business since the initial filing.

Going forward, ECA will provide clients with a summary of any material changes to this Brochure within 120 days of the close of ECA’s fiscal year end. ECA may provide additional interim disclosure about material changes, if warranted, in compliance with regulatory guidance. For a current copy of ECA’s Brochure, please contact Enio Marco Lazzer at enio@espressocapital.com or (877) 605-2021.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ◆ *An offer or agreement to provide advisory services to any person;*
- ◆ *An offer to sell interests (or a solicitation of an offer to buy interests) in any investment vehicle advised by Espresso Capital Advisors Inc. (“ECA”) or its affiliates; or*
- ◆ *A complete discussion of the features, risks or conflicts associated with any Investment Fund investment vehicle or account advised by ECA, or its affiliates.*

In accordance with the Investment Advisers Act of 1940, as amended (“Advisers Act”), ECA provides this Brochure to current and prospective clients (i.e., investment vehicles or accounts advised by ECA). ECA may also, in its discretion, provide this Brochure to current or prospective investors in certain investment vehicles, together with other relevant documents, such as the investment vehicle’s offering or private placement memorandum, organizational materials and related transaction documents (collectively, the “Relevant Offering Materials”), prior to, or in connection with, such persons’ investment in investment vehicle.

Although this Brochure describes the investment advisory services of ECA, persons who receive this Brochure (whether or not from ECA) should be aware that it is designed solely to provide information about ECA as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may not include all information provided in Relevant Offering Materials.

More complete information about each investment vehicle advised by ECA and its affiliates is included in Relevant Offering Materials which may be provided to current and eligible prospective investors only by ECA, its affiliates, or its authorized agents. If there is any conflict between information conveyed in this Brochure and that conveyed in the Relevant Offering Materials, the information contained in the Relevant Offering Materials will govern and control.

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ITEM 4: ADVISORY BUSINESS

A. ECA and Principal Ownership

Espresso Capital Advisors Inc. (“ECA”) is a Delaware corporation established in April 2023 to provide investment management services to certain private investment funds sponsored by affiliates of ECA. ECA is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

ECA is a wholly owned subsidiary of Espresso Capital Ltd., an Ontario corporation (“Espresso Capital”) a leading provider of venture debt solutions in the United States, Canada, and the UK offering non-dilutive growth capital to leading companies in technology, healthcare, and other high-growth verticals.

The principal owner(s) of Espresso Capital is Alkarim Jivraj.

Throughout this Brochure, Espresso Capital Advisors Inc., together with Espresso Capital Ltd. and certain other affiliated entities may be referred to as “Espresso,” “we”, “us”, and “our.”

B. Advisory Services

ECA serves as investment adviser and provides investment management services to certain private investment vehicles sponsored by Espresso or its affiliates. These investment vehicles may be in the form of one or more limited partnerships, limited liability companies, trusts, corporations or other entities (each, an “Investment Fund”). Each Investment Fund is an advisory client of ECA. While this Brochure may be provided to investors in the Investment Funds, ECA does not provide investment advice to investors in the Investment Funds and such investors are not clients of ECA. ECA does not accept any clients other than the Investment Funds including those that may be organized in the future by Espresso or its affiliates.

Investment Fund Strategy

It is anticipated that each Investment Fund generally will pursue an investment strategy of building a diversified portfolio of senior and subordinated secured debt, primarily of technology companies. To a more limited extent, each Investment Fund may invest in one or more venture capital equity funds sponsored by Espresso or its affiliates or which may be launched in the future.

The specific investment strategy, structure, diversification guidelines, terms of investment and other terms and conditions associated with each Investment Fund are described in each Investment Fund’s offering or private placement memorandum, subscription agreement, limited partnership, limited liability company or operating agreement, or similar disclosure, organizational and governing documents (collectively, the “Relevant Offering Materials”) prepared specifically for the offering of interests in such Investment Fund. With respect to any Investment Fund, this Brochure is qualified in its entirety by reference to the Relevant Offering Materials.

Use of Leverage

Each Investment Fund may employ leverage in its portfolio to the extent permitted by, and subject to the limitations set forth in, the Relevant Offering Materials.

C. Tailored Advisory Services

ECA will tailor its advisory services to the particular investment strategy, criteria and guidelines as set forth in the Relevant Offering Materials for each Investment Fund that is a client of ECA. Generally, investors in an Investment Fund may not impose restrictions on investing.

D. Wrap Fee Programs

ECA does not participate in wrap fee programs.

E. Regulatory Assets Under Management

As of the date of this Brochure, ECA has no (\$0) Regulatory Assets under Management. Once ECA commences investment advisory activities, it is anticipated that ECA will have discretionary Regulatory Assets under Management based on asset values of the Investment Fund(s) it manages.

ITEM 5: FEES AND COMPENSATION

A. Fees and Compensation – Investment Funds

The following categories of fees and compensation are typically payable by Investment Fund to ECA or one or more of its affiliates, including the Investment Fund's general partner or manager or other similar controlling party ("General Partner"):

Management Fee

In most cases, the General Partner or its affiliate (including ECA) is entitled to receive from each Investment Fund, an annual management fee (the "Management Fee"), which ranges from 1.0% - 2.0% of the net asset value of the relevant class of interest in the Investment Fund, as more particularly described in Relevant Offering Materials. A portion of the Management Fees are paid to ECA in consideration of its investment advisory services pursuant to the written investment advisory agreement between ECA and each Investment Fund and General Partner.

Service Fee

The General Partner may pay a monthly service fee out of the Management Fee to the third party acting as registered dealer of each holder of interests in an Investment Fund, typically in the amount of 1.0% of the net asset value of such interests in the Investment Fund.

Sales Charge

Registered dealers may, at their discretion, charge purchasers a sales commission for Investment Fund interests purchased by such purchasers.

Operating Expense Contribution

In addition to the Management Fee, the General Partner typically is entitled to an operating expense contribution for its services as general partner of the Investment Fund, including the origination, underwriting, administration, collection of loans, divestiture of investments, ongoing maintenance of its proprietary software platform and other intellectual property necessary for its risk management activities (the “Operating Expense Contribution”). The Operating Expense Contribution typically is an amount payable, on a monthly basis, equal to 2.5% of the sum of the outstanding principal balance, accrued interest, equity warrants and other capitalized amounts of all portfolio loans and 1.0% of the market value of all portfolio investments.

Loan Monitoring Fee

The General Partner may charge monitoring fees to borrowers.

Performance Fees

In addition to the ongoing fees described above, the General Partner of each Investment Fund is entitled to receive certain performance fees (“Performance-Based Fees”) as described in the Relevant Offering Materials. Generally, such Performance-Based Fees represent a portion of the net income earned by the Investment Fund and are payable after investors have received a minimum investment return. For additional details about such performance-based compensation, please refer to Item 6 – *Performance-Based Fees and Side-by-Side Management*.

In addition, the manager of each of the underlying Investment Funds in a Fund of Fund structure also receives management fees and performance-based fees from the applicable Investment Fund. As a result, the limited partnership interests in an Investment Fund will bear the costs of the management fees and performance fees payable to the manager of the underlying fund, as well as the Management Fees and Performance Fees payable to the General Partner and its affiliate. After paying all fees and taxes on the investment, limited partners in a Fund of Fund structure will generally earn lower net returns than if they had invested directly in the underlying Funds, assuming they would be able to access such investments directly.

Variation in Fees and Terms

Annual fees, Performance-Based Fees and other compensation payable by an Investment Fund to the General Partner may vary from Investment Fund to Investment Fund. Investors should carefully review the Relevant Offering Materials of the relevant Investment Fund in conjunction with this Brochure for complete information about fees, compensation, and expenses. Similar advisory services may be available from other investment advisers for similar or lower fees.

Waiver of Management Fees

The General Partner will not be assessed fees, including Performance-Based Fees, or other compensation payable to the General Partner or its Affiliates on the General Partner’s portion of an Investment Fund’s committed capital (if any). The General Partner may and reserves the right, in its discretion, to enter into side letters with individual investors in one or more Investment Funds that include terms which may vary and/or reduce annual fees, Performance-Based Fees and other compensation payable from an investor in respect of such investor’s interest in an Investment Fund.

Transaction Expenses

For further discussion of brokerage fees, commissions and other related transaction costs and expenses, please refer to Item 12 – *Brokerage Practices* as well as each Investment Fund’s Relevant Offering Materials.

B. Deduction of Fees

The General Partner is authorized under the Relevant Offering Materials of each Investment Fund to charge and deduct Management Fees and Operating Expense Contributions directly from the contributed capital and/or other assets of the applicable Investment Fund. The General Partner of the Investment Fund may make capital calls on investors for their *pro rata* share of Investment Fund expenses (including Management Fees or Operating Expense Contributions). In addition, Performance-Based Fees are paid directly to the General Partner out of distributions paid by the applicable Investment Fund to its partners in accordance with the Relevant Offering Materials.

C. Other Expenses

Investors in the Investment Funds may pay expenses in addition to Management Fees and Performance-Based Fees, where applicable. These expenses generally include Investment Fund back-office administration, legal, custodial, accounting, audit and other professional fees and expenses. These expenses typically are allocated based on an investor’s pro-rata portion of the Investment Fund. For additional detail, and a comprehensive list of fees and expenses borne by the investors, please refer to the applicable Investment Fund’s Relevant Offering Materials.

ECA may permit certain investors to co-invest in Investment Fund investments alongside one or more Investment Funds, subject to ECA’s applicable policies and the Relevant Offering Materials and/or side letter(s). If a co-investment vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by an Investment Fund. If a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the general partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction will be borne by the Investment Fund(s), and not by any potential co-investors that were to have participated in such transaction.

See Item 12 – Brokerage Practices for additional information about potential conflicts of interest related to brokerage practices.

D. Advance Fees; Refunds

Management Fees and Operating Expense Contributions are paid monthly and are typically paid in arrears. Under the legal terms of the Subscription Agreement that is signed by each investing investor and in accordance with the Relevant Offering Materials for each Investment Fund, investors shall be entitled to redeem their units for cash subject to a percentage limit and the applicable redemption process.

The transfer or assignment of investor interests requires the approval of the Investment Fund’s General Partner. See the applicable Investment Fund Relevant Offering Materials for more details.

E. Certain Sales Compensation

ECA does not offer compensation for the sale of securities or other investment products to its executives, employees or contractors.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The General Partner of each Investment Fund is entitled to receive Performance-Based Fees from Investment Funds. ECA does not receive any portion of the Performance-Based Fees payable to the General Partner; however, because each General Partner is an affiliate of ECA, ECA receives an indirect benefit from the payment of such Performance-Based Fees.

Any Performance-Based Fee will be paid in accordance with Section 205(3) of the Advisers Act and the applicable rules promulgated thereunder, which specify certain qualification thresholds for investors being assessed such a fee.

Performance-Based Fees, which are dependent upon the achievement of certain return thresholds, represent a meaningful portion of the economic benefit that each General Partner expects to derive from Investment Funds.

ITEM 7: TYPES OF CLIENTS

As noted in Item 4 above, ECA provides discretionary investment advisory services to the Investment Funds, which are clients of ECA. Investors of the Investment Fund are not considered investment advisory clients of ECA. Investment Fund investors may include high net worth individuals, other investment entities, university endowments, family offices, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of ECA and its affiliates and members of their families.

Investment minimums are set forth in each Investment Fund's Relevant Offering Materials. ECA may waive or reduce minimum investment requirements in its discretion, including based upon certain criteria as described in Item 5 above, and reserves the right to decline any investor in its sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

Investment Strategy

ECA provides investors with exposure to a diversified portfolio of senior and subordinated secured venture loans ("Venture Loan"). Venture Loans will generally range in size from \$5 million to \$40 million and will be in the form of credit facilities or term loans, typically with up to sixty-month terms, that produce regular income by way of monthly interest payments and amortization of up-front fees, and which may also be supplemented by receipt of prepayment and exit fees, and gains on equity investments, warrants and other securities.

Each Investment Fund will have certain investment criteria or restrictions for its portfolio as specified in the Relevant Offering Materials. For example, most of Espresso Capital's existing Investment Funds include the following criteria or restrictions:

- (a) No single Venture Loan may be for an amount that exceeds 10% of the Investment Fund's portfolio value, calculated at the time the Venture Loan is advanced. Venture loans may have a first or second ranking priority claim on all the assets and undertakings of the borrower.
- (b) Up to 20% of the Investment Fund's portfolio value may be comprised of investments other than Venture Loans. Within this 20%, no more than 5% of the Investment Fund's portfolio value calculated at the time of investment may be comprised of (i) investments in venture capital funds, including investments in other Investment Funds affiliated with Espresso Capital and third-party managed venture capital funds, or (ii) equity co-investments with third party managers, and direct equity investments in borrowers of venture loans or other early and growth stage companies (collectively, "Venture Capital Investments"). Venture Capital Investments will generally range in size from \$500,000 to \$10,000,000 and will be held until each underlying investee company is sold or otherwise achieves liquidity.
- (c) No single investment may be for an amount that exceeds 10% of the Investment Fund's portfolio value calculated at the time of investment.

Venture Capital Investments may include investments in Investment Funds affiliated with or managed by Espresso Capital or its affiliates ("Espresso Venture Capital Funds").

Investment Funds may obtain exposure to Venture Loans by: (i) investing indirectly in other Investment Funds affiliated with or managed by Espresso Capital or its affiliates (including ECA); and/or (ii) investing in or co-investing with one or more other investment vehicles established and managed by Espresso Capital or its affiliates, including securitized collateralized loan obligations, joint-ventures or other forms of co-investment arrangements with other lenders and funding partners.

The investment strategies described above are not intended to be exhaustive and other strategies may also be employed. The actual strategies utilized will depend upon market conditions and the relative attractiveness of the available opportunities subject to the investment restrictions outlined below.

Investment Criteria

In making its determination as to whether an Investment Fund should enter into a Venture Loan with a particular borrower, ECA uses its diligence processes to review the creditworthiness of the borrower based on ECA's credit policy and lending framework. ECA believes its credit policy and lending framework enable ECA to quickly and accurately assess and underwrite Venture Loans. ECA's credit policy and lending framework take into account a variety of factors, including but not limited to:

- (a) The quality of the company management and operations team, their current and prior track record of success, the maturity of the company's strategic planning,

operational and financial management processes, and the quality of the company's governance;

- (b) The company's financial profile, including revenue, revenue growth rates, revenue composition (recurring vs non-recurring), revenue concentration, gross margin, net income margin, sales efficiency, overall capital efficiency and other relevant key performance indicators (KPIs), cash flow profile, capital structure and enterpriser value;
- (c) The company's customer acquisition and retention units economics, including customer acquisition costs, customer lifetime value, customer retention rates, retained customer revenue expansion rates and customer churn rates;
- (d) The criticality of the company's offering to its customers, and the likelihood they will abandon the offering in the event of an economic downturn; and
- (e) The quality and depth of the company's equity sponsorship.

Investment Process

ECA's focus throughout the investment process is on credit quality. Starting with pre-qualification calls, throughout the due diligence process and into post-issue monitoring, ECA aims to obtain and analyze sufficient information in a timely enough manner to ensure that it understands every particular of its borrowers' creditworthiness.

Upon reviewing the potential borrower's submitted information to validate its qualification, term sheets are structured according to the credit criteria detailed above and are approved for issuance. Negotiations are undertaken, as required, and term sheets are executed. Subsequently, ECA undertakes an in-depth analysis of the borrower's product, markets, customers, operations, finances and material contracts. After review and approval of the materials by ECA's investment committee, loan facility agreements and other ancillary documents are drafted, negotiated and executed. Finally, upon establishing that all pre-closing conditions for issuance have been met, ECA will direct the applicable Investment Fund to advance the funds to the borrower.

Following loan issuance, borrower performance is carefully monitored. ECA takes responsibility for managing each file and assigns a single point of accountability within ECA. Borrowers automatically upload their financial reports to ECA's or its affiliates' data portal, and those results are analyzed against expectations. Deviations from plan or trend are flagged for follow up, and regular discussions with management are held to facilitate understanding of business performance. Every Venture Loan is assigned a risk rating, which is adjusted in light of individual borrower performance, issues affecting particular sectors, and external environmental factors. If a borrower's risk rating deteriorates, ECA's management of the account becomes more proactive, both in terms of its interaction with management and other stakeholders, and with respect to its internal remediation planning.

B. Risk Factors Related to Investment Strategies

The following is a summary of the material risks involved in the investment strategies and methods of analysis that ECA employs. This Brochure is not intended to address every potential risk. Other detailed risk-related information can be found in each Investment Fund's Relevant Offering Materials. An investment in any Investment Fund is suitable only for sophisticated investors who are capable of making an informed independent decision as to the risks involved in an investment in the Investment Funds.

Investment Fund Risks

Risk of Loss. An investment in the Investment Funds involves substantial risks due, in part, to the highly speculative nature of investing in venture capital debt securities. There can be no assurance that the investment objective of any Investment Fund will be achieved or that an investor's investment therein will be profitable. An investment in any Investment Fund involves the risk of loss including the complete loss of an investor's investment therein. Each Investment Fund is governed by their Relevant Offering Materials which set forth more information regarding the risk factors associated with an investment in the particular Investment Fund.

Limited Liquidity. Any investment in the Investment Funds provides limited liquidity since the interests are not freely transferable and is intended to be a long-term investment. Investment Fund interest are not publicly traded and there is currently no trading market through which the interests in any Investment Fund may be sold and one is not expected to develop. Interests in the Investment Funds may only be offered and sold pursuant to available exemptions from applicable securities laws. In addition, the transferability of, and right of any investor to resell, the interests in any Investment Funds are expected to be restricted pursuant to the terms of the governing documents of the Investment Funds.

Redemption Rights. Interests in the Investment Funds may be entitled to certain rights of redemption to the extent set forth in the Relevant Offering Materials. Any such redemption rights may be subject to limitations regarding the timing, frequency, notice and amount of interests that may be redeemed in any particular period. Although an Investment Fund may endeavor to maintain sufficient liquidity in its portfolio to meet its expenses and redemption requests, unexpectedly heavy demand for redemptions of interests could result in the Investment Fund having to dispose of investments at a time when it is not optimal to do so in order to meet such redemption requests. If a substantial number of Investment Fund interests are redeemed, the number of remaining interests outstanding could be significantly reduced with the effect of further decreasing the liquidity of interests in such Investment Fund. In addition, the expenses of the Investment Fund would be spread among fewer interests resulting in a lower net asset value for each interest than if there were fewer redemptions. If, as a result of significant redemptions, the Investment Fund General Partner determines that it is in the best interests of investors to terminate the Investment Fund, the General Partner could cause the termination of the Investment Fund without investor approval.

Portfolio Investments. It is anticipated that the portfolio investments held by each Investment Fund generally will be Venture Loans, primarily of technology companies, and to a very limited

extent, interests (“Equity Interests”) in venture capital equity funds. Risk associated with the portfolio investments include:

Borrower Default and Bankruptcy Risk. A borrower under a Venture Loan may default on its obligations to pay principal or interest when due. This non-payment could result in a reduction of income to the Investment Fund and potentially decrease the net asset value of the Investment Fund. There can be no assurance that liquidation of collateral would satisfy the borrower’s obligation in the event of non-payment or scheduled interest or principal when due or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, the Investment Fund could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing the Venture Loan. Generally, the business of those companies to which the Investment Fund anticipates issuing Venture Loans to are financed primarily by equity. Accordingly, such businesses are subject to the risks associated with development stage companies, including losses, uncertainty of revenues, markets and profitability and the possibility that the business will require further funding that may not be available.

Borrower Market, Execution and Financing Risk. The companies that the Investment Funds are likely to lend to or invest in are generally growing rapidly and consuming cash to support this growth and are heavily dependent on continuing or accelerating revenue growth to secure continued financing. Should the market of such a company cease to exist, fail to grow or grow more slowly than anticipated, become saturated with competitors, or the company’s strategy fails to adjust to changing market dynamics, or its operational performance deteriorate, such company’s business, financial condition and results of operations could be adversely affected, including its capacity to raise follow-on capital.

Equity Investment Risk. The Investment Funds will have exposure to equity risk to the extent of the Equity Interests held in their portfolios. The value of these Equity Interests generally will vary with the performance of the issuer and movements in the equity markets. Equity Interests are susceptible to general stock market fluctuations and perception of the financial condition of the issuer. As a result, an Investment Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from ECA’s expectations or if equity markets generally move in a single direction and the Investment Fund has not hedged against such a move. The Investment Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common shares upon conversions of convertible securities. Additionally, the risk of bankruptcy or insolvency of many smaller companies, with the attendant losses to investors, is higher than for larger companies. Although the Investment Funds typically do not make investments in publicly traded equities as part of its equity strategy, an Investment Fund may hold publicly traded securities from time to time as a result of portfolio companies going public. Generally, an Investment Fund expects to liquidate these securities after the expiration of any applicable hold period. Furthermore, the Investment Funds are likely to concentrate their equity investment strategy in development-stage technology companies. A specific investment focus is inherently riskier and could cause an Investment Fund’s equity investment portfolio to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, which is more diversified or has a broader industry focus. The Investment Funds’ equity investment portfolio may, therefore, be subject to more volatility and a greater risk of loss than a broadly diversified portfolio.

Borrower Human Capital Risk. There can be no assurance that the business of a borrower or issuer in which the Investment Fund is invested will be able to attract and retain the necessary human resources to continue to grow and sustain its business.

Collateral Risk. The Investment Funds' primary collateral is effectively the enterprise value of the borrower. If the enterprise value declines significantly, there may be insufficient value to meet the obligations of the borrower or be difficult to realize during a liquidation. As a result, a Venture Loan may not be fully collateralized and can decline significantly in value which may negatively affect the Investment Fund.

Illiquidity of Investments. The Venture Loans and Equity Interests held by Investment Funds in any borrower or issuer are expected to be subject to contractual restrictions on transfer or redemption. In addition, the Venture Loans and Equity Interests will generally be securities of privately held companies which are not traded on any organized exchange or over-the-counter market, making the timing and ability to liquidate these securities uncertain. This illiquidity may result in an inability to sell these securities at all. Losses on unsuccessful portfolio investments may be realized before gains are realized on successful investments. The return of capital and realization of gains, if any, from any portfolio investment may not occur for a substantial period after investing with an Investment Fund. Generally, an Investment Fund will not be able to sell portfolio investment securities publicly without the expense and time required to register them under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions.

Need for Additional Capital. Following its initial investment in any portfolio investment, a borrower or issuer may require additional funding. There can be no assurance that an Investment Fund will make follow-on portfolio investments or that an Investment Fund will have sufficient funds to make all such portfolio investments. Any decision by an Investment Fund not to make follow-on portfolio investments, or its inability to make them, may have a substantial adverse effect on a borrower or issuer in need of such an investment, may result in a missed opportunity for an Investment Fund to increase its participation in a successful enterprise, may result in significant dilution of any existing Investment Fund portfolio investment, or may cause a decrease in the value of an Investment Fund's portfolio.

Reliance upon Portfolio Company Management. The success of any Investment Fund's portfolio investments depends on the success of the underlying portfolio companies in which the Investment Fund invests. Such portfolio companies generally are expected to be at a relatively early stage of development, thus entailing significant operating risk. In addition, the Investment Fund may not have the power individually to exert significant control over such portfolio companies' boards of directors or management. In such cases, the Investment Fund will rely significantly on the existing management and boards of directors of such companies, which may include unseasoned managers and representatives of other investors with whom the Investment Fund is not affiliated and whose interests or views may conflict with the interests of the Investment Fund. Moreover, to the extent that the senior management of a portfolio company performs poorly, or if a key manager terminates his or her employment, the Investment Fund's investment in such company could be adversely affected.

Foreign Currency Risk. Foreign currency risk is the potential impact on the value of investments denominated in currencies other than US dollars (USD) due to changes in foreign exchange rates. The Investment Fund investments may be denominated in USD, Canadian dollars (CAD), British pounds or other foreign currencies through its investments in the United States, Canada, United Kingdom, and other jurisdictions exposing the Investment Fund to foreign currency risks. The Investment Funds hedge against most of its foreign exchange exposure by entering in forward exchange contracts. The foreign exchange contracts are marked-to-market on the statement of financial position which exposes the Investment Fund to unrealized foreign exchange gains and losses. For unhedged investments where the value of the USD has increased relative to the foreign currency, the return on the investment denominated in a foreign currency may be reduced, eliminated, or made negative. The opposite is true when the value of the USD has decreased relative to the foreign currency. Foreign currency risk exposure to the Investment Fund is actively monitored and managed through the Investment Fund's hedging strategy. While the Fund hedges most of its foreign exchange exposure, accounting treatment requires the Fund to mark its forward foreign exchange contracts, resulting in real or accounting gains or losses.

Currency Conversion. The exposure of the CAD-denominated and USD-denominated interests in any Investment Fund is the same except that the returns to the USD-denominated interests are subject to fluctuations in the CAD to USD exchange rate given that the returns to the USD denominated interests will be determined by converting the returns to the CAD denominated interests into USD by applying the rate of exchange on the applicable valuation date obtained from the best available sources.

Limited Diversification of Investments. Each Investment Fund expects to invest in a limited number of portfolio investments. As a result, and because the Investment Fund investments generally will involve a high degree of risk, poor performance by a few of the portfolio investments could severely affect the total returns to the investors. Furthermore, portfolio investments may be concentrated in a limited number of industries or geographic regions. As a result, an Investment Fund's investments may be concentrated in relatively few companies, industries, and regions. Accordingly, the performance of any single portfolio company may have a significant impact on the overall portfolio of the relevant Investment Fund and Investment Fund.

Competitive Forces. Each Investment Fund competes with a large number of other venture debt lenders, venture capital investors, private equity funds, banks and other debt and equity-based investors, and other sources of financing. Such competitive sources of capital include, among others, established and newly formed venture capital firms, the merchant banking arms of U.S. and foreign investment banks, and corporate strategic investors making direct minority investments. It is possible that competition for appropriate investment opportunities may limit significantly the number of opportunities available to the Investment Fund and/or adversely affect the terms upon which investments can be made.

Competitors may have a lower cost of capital, may have more investment capital at their disposal and may have access to funding sources that are not available to any Investment Fund. In addition, certain competitors of the Fund may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares. Competitors may also have more investment personnel focusing on

investments similar to those targeted by an Investment Fund. There is no assurance that the competitive pressures faced by any Investment Fund will not have a material adverse effect on its activities, financial condition and results of operations. Also, as a result of this competition, an Investment Fund may not be able to take advantage of attractive investment opportunities from time to time and there can be no assurance that they will be able to identify and make investments.

The ability of any Investment Fund to meet and exceed its target returns to investors depends largely on the interest rates which can be charged on the Venture Loans advanced by the Investment Fund. Interest rates charged on Venture Loans are impacted by competition with other lenders in the venture debt market.

Use of Leverage. It is anticipated that any Investment Fund may at times incur indebtedness in an amount up to, but not in excess of 50% of the portfolio value of such Investment Fund, calculated at the time of borrowing. Such indebtedness is secured by the assets of the Fund. While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilized. The cumulative effect of the use of leverage with respect to any investments in a market that moves adversely to such investments could result in a substantial loss which would be greater than if the investments were not leveraged.

Valuation of Equity Interests. Generally, there will be no readily available market for the Equity Interests held by Investment Funds making them difficult to value. Despite the efforts of each General Partner to acquire sufficient information to monitor the Investment Fund's equity investment and make well-informed valuation and pricing determinations, the General Partner may only be able to obtain limited information at certain times and, in some cases, may not be able to obtain information beyond the information that is publicly available. It is possible that the General Partner may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of the Investment Fund's Equity Interests. The value of any Equity Interests could be significantly negatively affected by any such event. Further, the General Partner may have to make valuation determinations without the benefit of an adequate amount of relevant information.

Reliance on the General Partner and its Affiliates. Investors in any Investment Fund are dependent upon the abilities of the applicable General Partner, its affiliates and their respective officers, directors and employees to effectively administer the affairs of the Investment Fund, as well as the abilities of ECA to originate investments and effectively manage the Investment Fund's portfolio in a manner consistent with its investment objectives and investment strategies. There is no assurance that the General Partner and ECA will be able to successfully implement the strategies that an Investment Fund intends to pursue. The General Partner, ECA and their respective affiliates who provide services to any Investment Fund depend, to a great extent, on a very limited number of individuals in the provision of services to any Investment Fund. The loss of the services of any one of these individuals for any reason could impair the ability of the General Partner and such affiliates to perform their services and duties as contemplated which could have a material adverse effect on the performance of an Investment Fund.

Lack of Regulatory Oversight. As a private investment fund, each Investment Fund's activities are generally not subject to the same degree of regulatory oversight to which publicly traded investment vehicles are subject. An Investment Fund is not (and will not be) registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act") pursuant to certain available exemptions provided under the Investment Company Act.

General Economic and Market Conditions. The success of any Investment Fund's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, pandemics, epidemics, economic uncertainty, changes in law, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Cyber Security Risk. As the use of technology has become more prevalent in the course of business, Espresso Capital (and its affiliates) and the Investment Funds have become more susceptible to operational risks through breaches of cyber security. A breach of cyber security refers to both intentional and unintentional events that may cause Espresso Capital (or an affiliate) or the Investment Funds to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause Espresso Capital (or an affiliate) or the Investment Funds to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to Espresso Capital's (or an affiliate's) or any Investment Fund's digital information systems (i.e., through "hacking" or malicious software coding) but may also result from outside attacks, such as denial of service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of Espresso Capital's (or an affiliate's) or any Investment Fund's third-party service providers (i.e., administrators and custodians) or issuers in which an Investment Fund invests in can also subject Espresso (or an affiliate) and the Investment Fund to many of the same risks associated with direct cyber security breaches.

No Guaranty of Cash Distributions. Payment of income distributions and returns of capital are not guaranteed. Distributions to investors of net cash flow are within the discretion of the General Partner, which may elect to retain net cash flow for any one of a number of reasons, including to prepay (or establish reserves in respect of) indebtedness of an Investment Fund. In addition, the terms of borrowings may prohibit any distribution to the Investment Fund investors during the continuance of any event of default. Investment Fund interests are not insured or guaranteed by any governmental agency or any other person, and an Investment Fund is not subject to governmental regulation such as is applicable to investment companies, banks, and some other financial institutions.

Absence of Effective Remedy against the General Partner. Although the General Partner has a fiduciary responsibility to investors to exercise good faith and integrity in dealing with respect to the affairs of an Investment Fund, there can be no assurance that adequate remedies will be available to investors if the General Partner violates its fiduciary responsibility. The Investment Funds' governing documents provide that the General Partner and its affiliates will not be liable to an Investment Fund or the investors and will be indemnified and held harmless by the

Investment Fund, for errors in judgment or other acts or omissions which do not amount to fraud, gross negligence, or willful misconduct in connection with the operation of the Investment Fund or its business. The cost of litigation against the General Partner for enforcement of its fiduciary responsibility may be prohibitively high and any judgment obtained against the General Partner may not be collectible.

Conflicts of Interest

Espresso Capital and its affiliates (including ECA) engage in the promotion, management and/or investment management of one or more funds or trusts with similar investment objectives and investment strategies to those of the Investment Funds. Although none of the directors or officers of ECA and Espresso Capital devotes his or her full time to the business and affairs of any Investment Fund, each director and officer of ECA and Espresso Capital devotes as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) each Investment Fund. The services provided by Espresso Capital and its affiliates (including ECA) to any Investment Fund are not exclusive.

Espresso Capital and its affiliates (including ECA) may act for and provide management, administrative, consulting and other services to other funds or persons including, Espresso High Yield US Trust, Espresso Income Fund, and Espresso Venture Capital Funds (whether or not their investment objectives, strategies and criteria are similar to those of any Investment Fund), provided that if Espresso Capital identifies an investment opportunity which is within the investment objective of more than one Investment Fund, such opportunity will be allocated to each Investment Fund in a manner which is fair and reasonable having regard to the amount of capital available for investment by each and their respective investment objectives, strategies or restrictions. In addition, Espresso Capital may from time to time deal with assets or securities of the same class and nature as may be held by an Investment Fund on its own behalf or on behalf of other funds or persons.

Investment Funds may obtain exposure to Venture Loans by: (i) investing indirectly in other Investment Funds affiliated with or managed by Espresso Capital or its affiliates (including ECA); and/or (ii) investing in or co-investing with one or more other investment vehicles established and managed by Espresso Capital or its affiliates, including securitized collateralized loan obligations, joint-ventures or other forms of co-investment arrangements with other lenders and funding partners.

ECA and Espresso Capital will act on a basis which is fair and reasonable to each Investment Fund and agrees that its investment decisions for each Investment Fund will be made independently of those made for other persons and independently of its own investments. If ECA or Espresso recommends the same Venture Loan or investment for both the Investment Fund and one or more other funds or persons, ECA will undertake that such transactions be effected on a fair and reasonable basis.

The General Partner of each Investment Fund is entitled to receive Performance-Based Fees from Investment Funds. Performance-Based Fees, which are dependent upon the achievement of certain return thresholds, represent a meaningful portion of the economic benefit that each General Partner

expects to derive from Investment Funds. Due to the relationship between ECA and the General Partner of each Investment Fund, Performance-based Fees may create an incentive for ECA to make investments on behalf of the Investment Funds with greater income or gain potential, but which also are riskier or more speculative than investments that ECA might otherwise recommend if the compensation did not include a Performance-Based Fee component. Riskier or more speculative investments may have an adverse impact on the financial condition and results of Investment Fund operations, which may consequently reduce the value of the Investment Funds.

ECA and its affiliated General Partners will always endeavor to act in the best interest of the Investment Funds; however, investors should be aware that General Partners' receipt of compensation from the Investment Funds creates a conflict of interest with respect to such transactions. These and other operating relationships have the potential for creating conflicts of interest. Where actual or potential conflicts of interest between ECA, affiliates, related persons and the Investment Funds are identified, procedures contained in the Relevant Offering Materials of the Investment Funds and/or ECA's compliance policies and procedures provide for resolution.

C. Risk Factors Related to Types of Securities

See Item 8.B above for information about material risks related to the types of securities for which ECA provides investment advice.

ITEM 9: DISCIPLINARY INFORMATION

Like other registered investment advisers, ECA is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of ECA or the integrity of its management. ECA is not aware of any legal or disciplinary events that would be material to an investor's or a prospective investor's evaluation of ECA or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Related Broker-Dealers

None of ECA or any management persons of ECA are registered, or have an application pending to register, as broker-dealer or a registered representative of a broker-dealer under United States law.

Espresso Capital EMD Ltd., acts as a distributor of units of a Canadian investment fund managed by Espresso Capital or its affiliate pursuant to its registration as an exempt market dealer in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan, Canada. Espresso Capital EMD Ltd is a wholly-owned subsidiary of Espresso Capital.

Espresso Capital IFM Ltd. is registered as a portfolio manager and investment fund manager with the Ontario Securities Commission. Espresso Capital IFM Ltd. is a wholly-owned subsidiary of Espresso Capital.

B. Related Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser

Neither ECA nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

C. Other Material Relationships

ECA serves as investment adviser to each of the Investment Funds pursuant to a written investment advisory agreement entered into or to be entered into between ECA and each Investment Fund and its General Partner. In addition, pursuant to an administrative services agreement, Espresso Capital provides administrative services to each of the Investment Funds. The advisory services provided by ECA under each investment advisory agreement do not include any of the administrative services provided by Espresso Capital under the administrative services agreement and vice versa.

D. Selection of Other Investment Advisers

ECA does not recommend or select other investment advisers for its clients and it does not receive any compensation directly or indirectly from those advisers.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

ECA values investor trust and places its fiduciary responsibilities to the Investment Funds and investors first and foremost in all aspects of its business. In accordance with Rule 204A-1 under the Advisers Act, ECA has adopted a code of ethics (the “Code of Ethics”). The Code of Ethics outlines a high standard of business conduct and reinforces each employee’s role in discharging the fiduciary duty to the Investment Funds and Investment Fund investors. The Code of Ethics sets forth standards of conduct expected of ECA’s supervised persons, reflects our fiduciary duties and addresses conflicts that arise from personal trading, gifts and entertainment, and outside business activities. ECA is committed to maintaining the confidentiality, integrity, and security of current and prospective investors’ nonpublic personal information and adheres to high standards to safeguard such information. ECA’s Code of Ethics includes, among other things, the following minimum standards for ECA and its supervised persons. Supervised Persons are those employees, partners, officers, directors (or other persons occupying a similar status or performing similar functions) as well as any other persons that provide advice on behalf of ECA and are subject to the ECA’s supervision and control.

- A requirement for supervised persons to comply with applicable Federal securities laws;
- A requirement for supervised persons who are access persons (e.g., directors, officers and members, and other person who have access to nonpublic information regarding certain securities recommendations, transactions and holdings) to report, and ECA to review, their personal securities transactions and holdings periodically as provided below;

- A requirement for supervised persons to report any violations of ECA's Code of Ethics promptly to the chief compliance officer; and
- A requirement that ECA provide each supervised person a copy of the Code of Ethics and any amendments, and a requirement that supervised persons to provide ECA with a written acknowledgment of their receipt of the Code of Ethics and any amendments.

A copy of ECA's Code of Ethics is available to any current or prospective investor by contacting Enio Marco Lazzer at enio@espressocapital.com or (877) 605-2021.

B. Transactions with Related Parties

Each General Partner of an Investment Fund holds a direct interest in such Investment Fund and, therefore, holds indirect beneficial interests in each of the investments owned by the Investment Funds and will share in any profits and losses generated by Investment Fund investments. As a result of Performance-Based Fees, the General Partner of each Investment Fund may share disproportionately in profits. In addition, other affiliates of ECA may invest as investors in the Investment Funds.

Investment Funds may obtain exposure to Venture Loans by: (i) investing indirectly in other Investment Funds affiliated with or managed by Espresso Capital or its affiliates (including ECA); and/or (ii) investing in or co-investing with one or more other investment vehicles established and managed by Espresso Capital or its affiliates, including securitized collateralized loan obligations, joint-ventures or other forms of co-investment arrangements with other lenders and funding partners.

Conflicts of Interest

In the ordinary course of conducting its investment advisory activities, the interests of an Investment Fund may conflict with the interests of ECA, other Investment Funds, or their respective affiliates. Certain of these conflicts of interest, as well a summary of how these conflicts are mitigated, can be found below. Other conflicts are disclosed throughout this Brochure and applicable Investment Fund Relevant Offering Materials.

Resolution of Conflicts

ECA and Espresso Capital will act on a basis which is fair and reasonable to each Investment Fund and agrees that its investment decisions for each Investment Fund will be made independently of those made for other persons and independently of its own investments. If ECA or Espresso recommends the same Venture Loan or investment for both the Investment Fund and one or more other funds or persons, ECA will undertake that such transactions be effected on a fair and reasonable basis. In the case of all conflicts of interest, the determination as to which factors are relevant, and the resolution of such conflicts, will be made using ECA's best judgment, but in its sole discretion. In resolving conflicts, ECA considers various factors, including the interests of the applicable Investment Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Many important conflicts of interest generally will be disclosed in

and resolved by set procedures, restrictions or other provisions contained in the Investment Fund Relevant Offering Materials.

C. Trading in the Same Securities as Clients

From time to time, Espresso Capital and its affiliates (including ECA) may deal with assets or securities of the same class and nature as may be held by an Investment Fund on its own behalf or on behalf of other funds or persons.

See Item 11.B. above for a discussion of the manner in which ECA addresses such conflicts of interest.

D. Opposite Side Trading

In limited circumstances, it is possible that one Investment Fund may sell or buy an investment to or from another Investment Fund. In such a case, to mitigate the conflicts of interest that may arise in such transactions, the transaction will be disclosed to the investors in each of the Investment Funds that are party to such transaction and the transaction pricing will be based on fair market value.

See also Item 11.B. above for a general discussion of the manner in which ECA addresses conflicts of interest.

ITEM 12: BROKERAGE PRACTICES

A. Selection of Brokers

ECA does not engage broker-dealers in the normal course to effect transactions because each Investment Fund generally will make Venture Loans or privately negotiated purchases of Equity Interests in underlying portfolio companies.

To the extent that ECA were to engage a broker-dealer on behalf of an Investment Fund, ECA would attempt to achieve the best overall price for the Investment Funds, considering the circumstances of the transaction and the reputability of the counterparty, and will evaluate each transaction to ensure that the execution price is in line with, or exceeds, that of the current market.

1. Research and Other Soft Dollar Benefits.

ECA does not pay for research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

2. Brokerage for Client Referrals.

Client referrals from broker-dealers does not apply to the business model of ECA.

3. Directed Brokerage.

Directed brokerage does not apply to the business model of ECA.

B. Trade Aggregation.

Trade aggregation does not apply to the business model of ECA.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

ECA continuously monitors Investment Fund investments on behalf of the Investment Funds. Investments are reviewed in the context of each Investment Fund's stated investment objectives and guidelines as set forth in the Relevant Offering Materials of each such Investment Fund. Members of the investment committee meet regularly to determine and review overall investment objectives, strategy, and other information relevant to the Investment Funds.

B. Review of Client Accounts Other than on a Periodic Basis

See Item 13.A. above.

C. Reports to Clients and Investment Fund Investors

In most cases, investors in Investment Funds will receive annual audited financial statements within 120 days (or 180 days for an Investment Fund invested in another Investment Fund) after the fiscal year end, while all investors receive quarterly unaudited portfolio statements. Investors in the Investment Funds also receive periodic electronic reports pursuant to the terms of the Relevant Offering Materials, such as tax documents. ECA will from time to time, in its sole discretion, provide additional information relating to an Investment Fund or to one or more limited partners in such Investment Fund as it deems appropriate. Investors should refer to the Relevant Offering Materials of each Investment Fund for further information on the reports provided by a particular Investment Fund to its investors.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Compensation from Third Parties

ECA does not accept compensation or other economic benefits from any person who is not a client for providing investment advice or other advisory services to its clients.

B. Compensation for Client Referrals

Client referrals from other persons does not apply to the business model of ECA.

ITEM 15: CUSTODY

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. ECA indirectly retains custody over each Investment Fund due to its affiliate General Partner relationships.

In most cases, each Investment Fund is audited at least annually in accordance with Generally Accepted Accounting Principles (“GAAP”) by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Each Investment Fund will distribute its audited financial statements on an annual basis to investors no later than 120 days (or 180 days for an Investment Fund invested in another Investment Fund) after the end of the applicable Investment Fund’s fiscal year end, or sooner if so specified in the Investment Fund’s Relevant Offering Materials. Upon the final liquidation of an Investment Fund, ECA will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all the liquidating Investment Fund’s investors promptly after completion of the audit.

ITEM 16: INVESTMENT DISCRETION

ECA provides or will provide investment advisory services on a discretionary basis to the Investment Funds. ECA’s advice with respect to an Investment Fund is provided in accordance with the investment objectives, limitations, and guidelines as set forth in the applicable Relevant Offering Materials. Prior to assuming discretion in managing an Investment Fund’s assets, ECA enters into a written investment advisory agreement with the Investment Fund and its General Partner that sets out the scope of ECA’s discretion. The investment discretion that may be exercised by ECA will be subject to any investment limitations set forth in an Investment Fund’s Relevant Offering Materials. In the case of Investment Funds whose investment periods have closed, ECA’s investment discretion will be limited to certain follow-on investments and the liquidation of existing portfolio holdings.

ITEM 17: VOTING CLIENT SECURITIES

A. Proxy Voting Policies

Investment Funds do not hold registered securities, and therefore ECA does not vote proxies in the traditional sense. Nonetheless, ECA or its affiliate may vote proxies (or similar instruments) for an Investment Fund if required by an Investment Fund’s Relevant Offering Materials. In accordance with Advisers Act requirements, ECA has adopted proxy policies to address voting requirements, if any, for Investment Fund portfolio investments. Proxy policies seek to ensure that ECA votes in the best interest of the Investment Funds, including when there may be material conflicts of interest in voting. ECA believes its interests are aligned with Investment Fund investors and therefore does not generally seek investor approval or direction when voting proxies. If, however, there is or may be a conflict of interest between ECA and an Investment Fund in voting proxies, ECA may address the conflict using several alternatives as set forth in proxy policies. ECA’s proxy policies are designed to ensure that any material conflict of interest is identified for a particular proxy vote and the vote is not improperly influenced by the conflict.

Investors may obtain a copy of ECA's voting policies and procedures as well as information on how proxies were voted, if applicable, by contacting Enio Marco Lazzer at enio@espressocapital.com or (877) 605-2021.

B. Other Proxy Voting Arrangements

See Item 17.A above.

ITEM 18: FINANCIAL INFORMATION

A. Prepayment of Fees

ECA does not require or solicit prepayment of advisory fees six months or more in advance.

B. Financial Commitments

ECA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients or investors.

C. Bankruptcy

ECA has not been the subject of a bankruptcy or insolvency proceedings.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not Applicable