

## Item 1: Cover Page



### Impact Engine Management, PBC

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This brochure provides information about the qualifications and business practices of Impact Engine Management, PBC (CRD # 304022). If you have any questions about the contents of this brochure, please contact us at 872-228-5197. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

**Additional information about Impact Engine also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

There have been no material changes made to this brochure since our last filing dated August 24, 2023.

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#### **Item 4 - Advisory Business**

Impact Engine Management, PBC (“Impact Engine,” or the “Firm”), a Delaware Public Benefit Corporation, is an investment management company located in Chicago, Illinois that provides investment advisory services to venture capital and private equity funds. The Firm commenced operations in 2012. Impact Engine does not have any principal owners of 25% or more of the Firm. Impact Engine is primarily employee owned.

Impact Engine’s mission is to bring more capital to a market where financial returns are linked to positive social and environmental impacts. The Firm’s investment strategy is primarily focused on investing in for-profit, positive-impact businesses and funds in private markets. To that end, Impact Engine may invest in minority or control equity securities, derivatives, litigation finance, special purpose vehicles formed for the purpose of facilitating the acquisition of assets, investments the purpose of which is to identify, capitalize and launch new businesses and/or ventures, partnerships/joint ventures (and provide recourse or nonrecourse loans) with other third parties, and investments in private funds, other investment managers or pooled investment vehicles.

Impact Engine provides portfolio management and investment advisory services to private pooled investment vehicles, sub-advised private funds, and other investment vehicles (“Clients”). Each Client is exempt from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and relies upon an exemption from registration under Section 3(c)(1) or 3(c)(7). The securities issued by Impact Engine’s Clients are generally exempt from registration under Section 506(b) of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”).

Impact Engine’s investment advisory services include identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments, and selling portfolio investments. Impact Engine manages each of its Clients within the guidelines and restrictions set forth, as applicable, in each Client’s private placement memorandum, limited partnership agreement (or limited liability company or other applicable governing agreement), subscription agreements, advisory agreements, side letter agreements, and other governing documents of the relevant Client (collectively, as amended, “Governing Documents”) and within regulatory guidelines and limitations. See Item 8 for additional information regarding the Firm’s investment strategies and risks.

Each Client is controlled by a general partner or similar governing entity (“General Partner”) as provided in the Governing Documents. Each Client’s General Partner has appointed Impact Engine (or an affiliate thereof) to serve as the Client’s investment manager, pursuant to a written agreement. The General Partner in its discretion may offer co-investment opportunities to one or more Clients or their affiliates, and to other funds, private investors, groups, entities, or individuals. Co-investors will be determined by the General Partner in its sole discretion, and co-investment opportunities will be offered on a deal-by-deal basis.

Impact Engine does not participate in wrap fee programs.

### ***Assets Under Management***

As of December 31, 2023, Impact Engine managed approximately \$239,001,656 in client assets (“AUM”), approximately \$170 million on a discretionary basis and approximately \$69 million on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

The following is a general description of the fees, compensation, and other expenses of the Clients. Each Client’s Governing Documents will generally describe fees, compensation, and expenses in greater detail. Investors should refer to such Governing Documents of the applicable Client for a complete understanding of how Impact Engine is compensated for its advisory services.

With respect to each Client, the respective General Partner, in its sole discretion, is permitted to enter into side letters and other agreements granting more favorable rights or terms to specific investors. These rights or terms may include among other items: special rights with respect to future investment capacity, rights to receive additional, more frequent or specialized reports, and rights to reduced or waived performance fees, breakpoints, limits, co-investments and/or management fees.

### ***Management Fee Payable to Impact Engine***

Impact Engine receives management fees from Clients. The specific payment terms and other conditions of these management fees are set forth in the Governing Documents. Management fees are generally based on a fixed percentage of (i) capital commitments; (ii) the invested amount of capital commitments; or (iii) the par or market value of a Client’s assets under management, as applicable. Management fees vary and are based on a number of factors including investment mandate, services performed, and account size, but these fees generally range from 1%-2.5%, depending on the respective Client’s strategy.

Management fees generally are payable to Impact Engine on a quarterly basis and are calculated according to the terms of the Governing Documents. For Clients, the management fee is typically debited from the Client’s assets and can be payable either in arrears or in advance.

Management fees for the Clients are set forth in the Client’s Governing Documents and are not negotiable unless Impact Engine enters into side letters with respect to any investor’s fees. For Separate Accounts, management fees can be negotiable and are expected to vary from Client to Client. Each Client’s Governing Documents govern how an advisory relationship with Impact Engine can be terminated. Termination of the advisory relationship is generally not expected, and the ability of an investor to redeem its interests is generally limited by the Governing Documents and can vary from Client to Client. In the event a Client pays management fees, and the investment management agreement is terminated prior to the end of a billing period, Impact Engine will promptly return any prepaid but unearned management fees and otherwise account for and return

all other client-related funds net of any reimbursed expenses due Impact Engine. Conversely, if fees are paid in arrears, the Client will owe a prorated management fee upon termination.

### ***Carried Interest***

As more fully described in the applicable Governing Documents, a Client's General Partner will generally receive a carried interest (the "Carried Interest") with respect to such Client. Generally, while subject to change, the Carried Interest will range between 10% and 20% of realized profits in excess of a set compound preferred return, dependent upon the investment strategy. The Carried Interest distributed to the General Partner may be subject to a clawback at the end of a Client's life if such General Partner has received excess cumulative distributions, and at certain interim intervals as provided in the Governing Documents. Each Client's Carried Interest arrangement differs and is further described in full detail in the relevant Client's Governing Documents. For example, some Client's Carried Interest may be subject to a hurdle rate.

Certain Clients and/or direct or indirect investors in such Clients can incur higher or lower or no Carried Interest from time to time. Firm personnel, as well as partners, members, employees, officers, directors, business associates and their respective affiliates of Impact Engine (and its affiliates) may invest in the Clients indirectly through the Clients' General Partners (or other affiliates) and in certain cases may not pay Carried Interest with respect to their indirect investments in the Clients.

### ***Expenses***

Impact Engine and/or the relevant General Partner will generally, in accordance with and subject to each Client's Governing Documents, bear ordinary administrative and overhead expenses incurred in connection with maintaining and operating its offices.

The Clients will generally, in accordance with and subject to a Client's Governing Documents, bear all costs and expenses incurred in purchases, sales or exchanges made in connection with the Clients' investment activities.

In good faith and in its fair and reasonable discretion, Impact Engine determines on a case-by-case basis whether an expense should be borne by the Firm, a Client, multiple Clients, or a portfolio company, if applicable and in accordance with the Governing Documents. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Client, Impact Engine will typically allocate common expenses among multiple Clients on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable in Impact Engine's discretion.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

### ***Performance-Based Fees***

Each Client's items of income, gain, and loss are initially allocated among the investors of the Client in proportion to their investment percentage interest. To the extent that investors in each Client have combined distributions from the Client in excess of invested capital and the preferred return, if any (and subject to regulatory investor eligibility requirements), the Client will pay the performance-based fees.

### ***Side-by-Side Management***

Performance-based fees may create an incentive for the General Partner of the Clients to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments than would be made if such fees were not allocated to the General Partner. Such arrangements also create an incentive for Impact Engine to favor higher fee-paying Clients over other Clients in the allocation of investment opportunities. Impact Engine seeks to ensure allocation of investment opportunities among Clients occurs on a fair and equitable basis at all times, in accordance with its Allocation Policy.

## **Item 7 - Types of Clients**

Impact Engine provides investment advisory services to pooled or other investment vehicles. Impact Engine may also provide investment or other advisory services or act as a sub-advisor to pooled investment vehicles on a managed account basis and in such cases, the “Clients” will include such managed accounts to the extent applicable. The Clients are offered privately to a limited number of qualified investors, which may include institutional investors and individuals qualified to invest in the Client (depending on the applicable exemptions under the federal securities and other applicable laws). Each Client’s minimum capital and investor qualification requirements are set forth in the Client’s Governing Documents and each investor is furnished with a copy of the partnership agreement (or equivalent - e.g., operating agreement) and other Governing Documents which detail the terms, conditions, and risks regarding the investment.

Impact Engine’s Clients may include investment vehicles designed to aggregate third-party investments, alongside another Client, directly into a single portfolio asset. The General Partner may offer co-investment opportunities in its sole discretion, to one or more (but not necessarily all or even any) Client investors, affiliates of Impact Engine, and/or third parties if it determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Client, (iii) the full investment opportunity is not appropriate for a Client, whether due to concentration restrictions contained in a Client’s Governing Documents or otherwise, or (iv) Impact Engine believes a Client will benefit from the participation of the co-investor(s). Please refer to the “Co-Investments” description in Item 8.

In determining whether to offer any portion of an investment opportunity as a co-investment, Impact Engine will take into account its fiduciary duties of loyalty and care to its Clients and Client investors. Furthermore, co-investment opportunities are made available to select Client investors and third parties, including, without limitation, management or founders of the applicable portfolio company, cosponsors, strategic investors, lenders, investment bankers, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital Firms), sector experts, strategic advisors, other persons or entities affiliated, associated or otherwise known to Impact Engine or its personnel. Also, certain service providers, including lenders and individuals who source transactions, may in the future negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

As the Clients are privately placed and seek to be able to rely upon certain exceptions from the Investment Company Act, investors in the Clients must generally meet certain suitability and net worth qualifications such as being an “accredited investor” as defined by Regulation D under the Securities Act, a “qualified institutional buyer” (“QIBs”) as defined by Rule 144A under the Securities Act, or a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act. Personnel who are “knowledgeable employees” as defined in Rule 3c-5 under the Investment Company Act, could invest in a Client depending on the applicable Client’s eligibility requirements as set forth in its Governing Documents.



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

### *Methods of Analysis and Investment Strategies*

The following is a summary of Impact Engine's methods of analysis and investment strategies. Investors in the Clients are encouraged to carefully review the additional information about investment and other risks in the Clients' offering documents.

Impact Engine's impact investment strategies include direct and indirect investments in venture and private equity related assets. When sourcing potential investments, in addition to looking for the right business and investment criteria, Impact Engine looks for the right impact criteria.

Although the specific investment mandate of each Client can vary, Impact Engine's objective in each case is to identify, develop, and manage investments and investment strategies that are designed to align financial and social or environmental impact returns such that there is a minimal or no tradeoff between the two. Ideally, they mutually reinforce each other: the impact drives value creation in the portfolio company or fund, and the portfolio company or fund growth brings the impact to scale. Specifically, Impact Engine invests in three types of impact outcomes which it has found over the years to be the most well-aligned with this investment strategy:

- Economic Opportunity - Improving educational outcomes and equity across the lifespan and improving access to higher quality jobs and affordable essential services, including financial products and housing
- Environmental Sustainability - Better conservation and management of water, energy, carbon emissions, and waste
- Health Equity - Improved outcomes and access to healthcare, particularly for underserved populations

In accordance with its Impact Investing & ESG Policy & Procedures and each Client's Governing Documents, Impact Engine judges an investment's likely impacts prior to making an investment. Impact Engine also considers ESG factors, primarily through following the Sustainable Accounting Standards Board's recommendations for material ESG issues in each industry, but also always including DEI. Management teams must be aware of and able to manage these issues in a positive way.

After making an investment in a company or fund, Impact Engine requires impact and ESG metrics reporting at least twice per year and reviews those metrics to determine how impactful the company has been and to ensure the metrics are still valid as the company evolves. The Firm seeks to continuously improve its work on impact and ESG.

When selecting portfolio companies, Impact Engine strives to make sure it has the experience, resources and connections to provide valuable, effective support for the entrepreneurs in which the Firm invests, so alignment is key. Upon the identification of an investment opportunity, Impact Engine employs traditional due diligence tools, including onsite meetings, track record analysis, pipeline review, reference checks, operational and business risk assessment, legal review and

negotiation, and background checks. All due diligence is conducted through an impact and ESG lens as described above.

When selecting funds, Impact Engine seeks managers who generally have compelling competitive market advantages, established performance track records and attributes that Impact Engine believes are necessary for long-term organizational stability. Impact Engine screens managers through quantitative and qualitative manager assessments and detailed portfolio analysis and may make onsite visits to evaluate the manager's deal sourcing strategy, due diligence methodology, and ability to negotiate appropriate investment terms and conditions. All due diligence is conducted through an impact and ESG lens as described above.

To the extent permitted in a Client's Governing Documents, Impact Engine can enter into credit arrangements on behalf of the Client to borrow money for financing purposes, to make forward investment commitments and to leverage the Client's investments.

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

## ***Risks***

Investing in securities involves risk of loss that Clients should recognize and prepare for. An investment in a Client or separately managed account and the corresponding investment strategy involves significant risks, including those associated with a targeted industry and market, as well as potential concentration risks.

The following is a summary of certain risks involved with Impact Engine's investment strategy. More detailed descriptions of Impact Engine's investment strategies, methods of analysis, and risks are included in the applicable Client's offering documents.

Investing in the Clients involves risk of loss up to and including the loss of an investor's entire investment. Prospective investors or their advisors should carefully read the risk factors presented in the confidential private placement memorandum of each Client in which they may invest.

Risks associated with Impact Engine Clients and also the underlying portfolio companies of any of the Clients' fund investments include, but are not limited to:

- *Potential Loss of Investment.* There is a risk that an investment in the Client will be lost entirely or in part. The Client is not a complete investment program and should represent only a portion of an investor's portfolio management strategy.
- *Availability of Investment Opportunities/Competitive Marketplace.* The business sectors that the Firm intends to invest in are highly competitive. The Firm will be competing with other investment funds, finance companies, direct investment firms and merchant banks to identify investment opportunities. Due to this competition, there can be no assurance that

the Firm will be able to identify and complete investments that satisfy the Firm's rate of return objectives.

- *Uncertainty and Emerging Global Events.* Social, political, economic, and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments, and other systems, including the financial and real estate markets, even in established markets such as the United States. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region, or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.
- *Long-Term Investments.* The return of capital and the realization of gains, if any, will occur only upon the partial or complete disposition of an investment or the refinancing of the capital structure of a portfolio company. While the Principals intend to generate ongoing income in the form of monitoring fees, interest or dividends, such income cannot be guaranteed and may not exceed the Firm's operating expenses. The Firm expects that liquidity events, whether in the form of whole or partial dispositions or refinancing, will not occur, if at all, until a number of years after the initial investment is made.
- *Lack of Liquidity of Investments.* The Firm's investment portfolio will, to a significant extent, consist of investments in small private companies. No public market will exist for the securities of these companies and none is likely to develop in the foreseeable future. In addition, most of the Firm's investments will be difficult to value prior to a liquidity event.
- *Leveraged Companies.* The Firm may invest in portfolio companies whose capital structures use leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such portfolio companies will increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the company or its industry.
- *Minority Investments.* The Firm primarily recommends minority or non-controlling investments in portfolio companies. Therefore it may not have the ability to influence the management of the company or to elect a representative to the company's board of directors. In addition, the management of the company or its shareholders may have economic or business interests which are inconsistent with those of the Firm, and they may be in a position to take action contrary to the Firm's objectives.
- *Cybersecurity Risk.* In connection with the continued use of the Internet and the dependence on computer systems to perform necessary business functions, Impact Engine may be susceptible to operational, information security and related risks due to the possibility of cyberattacks or other incidents. Cyber incidents may result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks or devices that are used to service our operations through hacking or other means for the purpose of misappropriating assets or sensitive information, corrupting data or

causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks (which can make a website unavailable) on our website or service provider's website. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on our systems. Cybersecurity failures or breaches by our third-party service providers may cause disruptions and impact the service providers' business operations, potentially resulting in financial losses, the inability to transact business and process transactions. The Firm may incur substantial costs to prevent or address cyber incidents in the future. In addition, there is a possibility that certain risks have not been adequately identified or prepared for. Furthermore, we cannot directly control any cyber security plans and systems put in place by third-party service providers. Cybersecurity risks are also present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause our investment in such securities to lose value.

- *Reliance on the General Partner and Principals.* The Client's success will depend on the General Partner's ability to implement and manage the Client's investment program and related investments. Limited Partners rely on the General Partner to identify, structure and implement investments consistent with the Client's investment objectives and policies and to conduct the business of the Client as contemplated by the Client. In addition, Limited Partners will not have the opportunity to evaluate the relevant economic, financial, and other information that will be utilized by the General Partner in its selection of investments.
- *Financial Projections.* Financial information concerning portfolio companies and the terms on which they are made may only be available through certain sources, including the portfolio companies themselves. There may be no consistent means of confirming the accuracy of such information. The inaccuracy of certain assumptions and general economic conditions, which are unpredictable, can have a materially adverse impact on the reliability of any financial projections concerning portfolio companies. There can be no assurance that any financial projections can be accurately forecasted, and actual results may vary significantly from any such financial projections.
- *Reliance on Portfolio Company Management.* The day-to-day operations of each portfolio company will be the responsibility of its own management team. Although the General Partner will monitor the performance of portfolio companies and intends to invest in companies with strong management teams, and, if necessary, recruit additional or successor management personnel to such companies, there can be no assurance that such management team, or any successor, will be able to successfully operate any such portfolio company in accordance with the Client's expectations and objectives. No assurance can be given that the Portfolio Companies will be able to attract and retain the qualified personnel necessary for success and the loss of a member or members of a portfolio company's management team could be detrimental to the company's development and success.
- *No Assurance of Additional Capital.* Portfolio companies may require additional financing to grow their businesses. Additional financing may not be available when needed or on acceptable terms. If additional financing is not available, the portfolio company may need to delay, scale back or eliminate certain of its product development and expansion or other

activities, or even be forced to cease operations and liquidate. Following the Client's initial investment in a portfolio company, the Client may have opportunities to make additional subsequent investments in that portfolio company either through follow-on rounds and/or add-on acquisitions or other business combinations. The Client may lack sufficient capital, or otherwise decide not, to make those investments. The failure to make subsequent investments could jeopardize the portfolio company's viability and the Client's prior investments or may result in a missed opportunity for the Client to increase its participation in a successful operation.

- *Limited Portfolio Diversification.* The Client intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Client may be adversely affected by the unfavorable performance of even a single investment. A downturn in the economy or in the business of any one portfolio company could impact the aggregate returns delivered to Limited Partners. Although the General Partner intends to diversify the Client's portfolio to the reasonable extent possible within the confines of the Client's investment strategy, the inability of the General Partner to achieve this objective could adversely affect the performance of the Client. Furthermore, to the extent that the capital raised is less than the targeted amount, the Client may make fewer Investments and, thus, be less diversified. As a result, the Client's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.
- *Availability of Financing and Market Conditions.* Market fluctuations in business loans may affect the availability and cost of loans needed for the portfolio companies. Credit availability has been restricted in the past and may become so in the future. Restrictions upon the availability of financing or high interest rates on such loans may adversely affect the portfolio companies and the ability to sell the portfolio companies. There is no assurance that such loans will be available. Likewise, prevailing market conditions at the time any portfolio company seeks to refinance a loan may make a refinancing difficult or costly to obtain. In addition, lenders may restrict the ability to obtain subordinate financing for the portfolio companies.
- *Risks Related to Investments in Regulated Industries.* The Client may invest in companies involved in regulated industries. Future changes in federal, state and local laws and regulations, or the interpretation of current laws and regulations, could materially impact the business of the portfolio companies. Failure to comply with these extensive laws and government regulations could negatively impact results of the portfolio companies through losing various licenses, certifications and authorizations; suffering civil or criminal penalties; or being required to make significant changes to operations. The portfolio companies could also incur significant costs in their efforts to comply with federal and state laws and regulations.
- *Cross-Border Investment Risk.* A portion of the Clients' investments may be outside the United States. Any investment located outside the United States may face certain increased risks involving the ownership and development of a non-US portfolio company. The risks in conducting business internationally include:
  - Changes in political and economic conditions, laws or regulations;

- Currency exchange rate fluctuations as the Clients may not use any hedging tactics;
- Export and import duties, changes to import and export regulations, and restrictions on the transfer of funds;
- Issues arising from cultural or language differences and labor unrest;
- Increased difficulties and barriers with hiring and managing operations of a portfolio company outside of the United States;
- Complying with and understanding different laws and practices in another country versus the United States, such as different employment laws, intellectual property laws, securities laws, tax laws, environmental laws or general corporate laws; and
- Increased trade barriers and import / export licensing requirements.

The inability to properly identify, hedge or handle these risks may significantly harm the Clients' cross-border investments, and as a result, harm the financial results of the Client. In the event of cross-border investments, there may be transactions and balances denominated in other currencies. If the currency of a country in which a portfolio company is located weakens significantly compared to the U.S. dollar, the Clients' results of operations or financial condition may be adversely affected.

- *Consequences of Default by Investors.* If one or more of the investors fail to make a capital contribution following receipt of a capital call notice, the Clients' ability to complete an investment or otherwise continue operations may be substantially impaired. The Limited Partnership Agreement (or Operating Agreement) of each of the Clients provides various remedies upon default by an investor in making a capital contribution when requested, all at the discretion of the General Partner, who may impose more than one remedy.
- *Side Letters.* Impact Engine without any further act, approval, or vote of any investor, may enter into side letters or other agreements with certain investors that will have the effect of establishing rights under, or altering or supplementing the terms of the Limited Partnership Agreement (or Operating Agreement) of each of the Clients including, among other things, arrangements with respect to information rights and governance or adjustments in an investor's allocable share of Management Fees or amounts to be distributed to such investor.
- *Assumption of Contingent Liabilities.* In connection with a portfolio company investment, the Clients may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company.
- *Exit Strategy.* A key element of private equity and venture capital investments is the exit strategy, which carries with it a number of risks. The Client's exit strategy may be adversely affected if the target market experiences a downturn, resulting in a lower valuation for the Client's portfolio companies. Further, there may be delays in realizing exits due to factors such as regulatory changes, economic uncertainty, illiquidity in the market, or lack of buyer interest.
- *Social and Environmental Impact-Related Risks.* The Clients and Impact Engine face additional risks in light of its impact focus in its investment strategies. These risks may

include, but are not limited to:

- Measurement and verification risk: A Client's ability to track and report on its social and environmental impact may be limited by the availability of accurate data and the effectiveness of impact measurement tools.
- Reputation risk: A Client may face reputational damage if its portfolio companies are found to have negative social or environmental impacts, or if the Client's impact claims are questioned or disproved.
- Regulatory risk: Changes in regulations or laws related to social and environmental impact may require a Client to alter its investment strategy, resulting in additional costs or lower returns.
- Implementation risk: A Client's investments may not achieve their intended social or environmental impact due to factors such as limited market demand, resistance from stakeholders, or unforeseen external events.

## **Item 9 - Disciplinary Information**

Impact Engine is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the Firm or the integrity of Impact Engine's management. Impact Engine has no legal or disciplinary information to disclose at this time.

## **Item 10 - Other Financial Industry Activities and Affiliations**

Impact Engine's Clients are typically formed as Delaware limited partnerships which are controlled by a general partner or managing partner, respectively (in each case, a "General Partner", and collectively, the "General Partners"). Below is a listing of those entities which are affiliated with Impact Engine and which serve as a general partner for each of the Clients.

- IEPE Conductors I, LLC
- IEPE Conductors II, LLC
- IEV Conductors II, LLC
- IEV Conductors III, LLC
- Impact Conductors II, LLC
- Impact Conductors III, LLC
- Impact Conductors IV, LLC

The General Partners and each Impact Engine Client have entered into management agreements with Impact Engine to document the delegation of management of each Client to the Firm. Impact Engine's employees, advisors, and managing members may devote portions of their time to existing portfolio companies and other related investment activities and are not limited to the activities of Impact Engine and the Clients' different portfolio companies.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Impact Engine holds its employees to a high standard of integrity and business practice.

Impact Engine's Code of Ethics ("Code"), pursuant to Rule 204A-1 of the Advisers Act, is intended to serve as a guide to the administration and oversight of professional conduct and personal trading practices of Impact Engine's employees. The Code sets forth a standard of business conduct that takes into account Impact Engine's status as a fiduciary and requires access persons ("Access Persons") to place the interests of the Clients and Client investors above their own interests and the interests of Impact Engine. Access Persons must adhere to the highest standards with respect to any potential conflicts of interest, and as a fiduciary, must always act in the Client's best interest. All employees will act with competence, dignity, integrity, and in an ethical manner, when dealing with Clients, investors, the public, prospects, third-party service providers and fellow employees. Access Persons must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting Impact Engine's services, and engaging in other professional activities.

Impact Engine's policy prohibits any employee from acting upon, misusing, or disclosing any material, non-public information, known as insider information, and any violations of this policy will result in prompt disciplinary action and/or termination. Impact Engine's policy is to protect the confidentiality, integrity, and security of any non-public, personal information of its clients and prospects and to prevent unauthorized access to, or the use or disclosure of, such information.

Impact Engine's policies and procedures related to personal trading activity of employees aim to demonstrate Impact Engine's commitment to placing its Clients' interests ahead of employees' personal trading interests. To this end, all Access Persons of Impact Engine are required to submit personal holdings and transactions upon hire and on an ongoing basis for review. Additionally, Impact Engine maintains a Restricted List of securities which Access Persons are prohibited to transact. Finally, all Access Persons are required to pre-clear transactions in private placements, initial public offerings, and other limited offerings.

The Code also includes policies regarding disclosure of political contributions, gifts and entertainment, and outside business activities. Access Persons are prohibited from making political contributions for the purpose of soliciting investments from state or local governments. Persons are also prohibited from giving or receiving gifts and/or entertainment or participating in outside business activities that may pose a conflict of interest to Impact Engine or its Clients.

Impact Engine makes its Code of Ethics available to any investor or prospective investor for review upon request.



## **Item 12 - Brokerage Practices**

Impact Engine focuses on making investments in private securities and therefore does not ordinarily deal with any financial intermediary such as broker-dealers. When Impact Engine does transact in public securities for the Clients, it will select brokers based upon the broker's ability to provide best execution for the Clients. In seeking best execution for the Clients, Impact Engine will consider a variety of factors that include the Broker's ability to effect prompt and reliable executions at favorable prices, the operational efficiency, the financial strength and stability of the broker-dealer, or any other factors Impact Engine believes is critical in the selection of a broker dealer.

Impact Engine does not maintain relationships with broker-dealers that feature soft-dollar benefits or referral arrangements.

## **Item 13 - Review of Accounts**

Impact Engine monitors each of the investments it makes in portfolio investments on an ongoing basis to monitor the progress of such investments and seek to ensure that such investments remain consistent with the Clients' investment strategies, objectives, and investment restrictions (as applicable). Impact Engine requires impact metric reporting twice per year in addition to the financial reporting below. The Firm reviews these impact metrics to evaluate how impactful the company is and to ensure the metrics are still valid as the company evolves.

On an annual basis, investors in each Client will receive audited financial statements of the Client, valuations of the Client's investments and tax information necessary for the completion of U.S. tax returns.

Impact Engine shall determine the fair value of each Client's assets in its discretion as provided in such Client's Governing Documents and Impact Engine's Valuation Policy.

## **Item 14 - Client Referrals and Other Compensation**

Impact Engine may, from time to time, enter into arrangements in which persons who are not supervised persons (such as placement agents or financial advisors) assist in the capital-raising efforts. Impact Engine will not engage a placement agent that is not duly registered with the Financial Industry Regulatory Authority (or, if applicable, corresponding non-U.S. authorities)

Other than compensation and expense reimbursements from portfolio companies described under Item 5, Impact Engine does not accept economic benefits from a person who is not a client for providing investment advice or other advisory services.

## **Item 15 – Custody**

Because Impact Engine generally expects that an affiliated entity will act as general partner or managing member of the Clients, it will in such cases expect to be deemed to have custody of the assets of those Clients because the general partners, or managing members, as applicable, a related person of Impact Engine, will typically serve in a capacity that gives them access to the assets (including with respect to deduction of advisory fees payable to Impact Engine).

Impact Engine complies with Rule 206(4)-2 of the Advisers Act (“Custody Rule”) by meeting the conditions of the pooled vehicle annual audit provision of the Custody Rule by obtaining an annual audit of the Clients’ financial statements by an independent auditor who is a member of and subject to inspection by the Public Company Accounting Oversight Board (“PCAOB”), with such audited financial statements made available to investors in compliance with the SEC’s Custody Rule. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) distributed within 120 or, in the case of a Client that is a fund of funds, 180 days of each Client’s fiscal year end, or otherwise as required by law.

## **Item 16 - Investment Discretion**

Impact Engine maintains the authority to manage the Clients on a discretionary basis, subject to the overall supervision of the applicable General Partner in accordance with the investment guidelines, objectives, limitations, and other provisions and terms set forth in the Governing Documents, as applicable; provided, for certain Clients, Impact Engine provides non-discretionary investment advice where it must receive prior written approval prior to making an investment, in accordance with the applicable Governing Documents.

Each Client’s investment strategy (and restrictions, if any) are set forth in such Client’s Governing Documents. Investment advice is provided directly to the Clients, subject to the discretion and control of the relevant general partner, and not to the individual investors in such Clients.

## **Item 17 - Voting Client Securities**

Impact Engine generally does not trade in individual publicly traded securities that require it to vote traditional proxies. However, on an infrequent basis, Impact Engine may receive traditional proxy solicitations.

To the extent Impact Engine votes proxies, it will seek to vote any such proxies in the best interests of the Clients and Client investors (as applicable).

Impact Engine will provide a copy of its proxy voting policy to investors upon request. Investors may also obtain how Impact Engine voted any previous public proxies, if any.

## **Item 18 - Financial Information**

Impact Engine does not require from Clients prepayment of fees in excess of \$1,200 more than six months in advance of services rendered. Impact Engine does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients. Impact Engine has not been subject to any bankruptcy proceedings.