



Form ADV Part 2A Firm Brochure

Forsyth Street Asset Management LLC

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This Firm Brochure provides information about the qualifications and business practices of Forsyth Street Asset Management LLC. If you have any questions about the contents of this Firm Brochure, please contact Charles Laven, Chief Compliance Officer, at (212) 697 1640 or claven@forsythstreet.com. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Forsyth Street Asset Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 310545.

Forsyth Street Asset Management is registered as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended.

Registration with the U.S. Securities and Exchange Commission ("SEC") does not imply a certain level of skill or training.

Item 2: Material Changes

Forsyth Street Asset Management LLC ("FSAM") is providing this initial Firm Brochure as of March 29, 2024. It describes the manner in which we conduct our business and provide our investment advisory services.

We may update this Firm Brochure periodically and will either send you a copy (either in hard copy or electronically) as may be necessary or required but at a minimum on an annual basis.

We will ensure that you receive a summary of any material changes to this and subsequent Firm Brochures within 120 days of the close of our business's fiscal year. We will provide you with other disclosures about material changes as necessary.

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Item 4: Advisory Business

General description and ownership of the Forsyth Street Companies.

The following describes the three companies that are collectively known as Forsyth Street. FSAM is an affiliate of Forsyth Street Advisors LLC ("FSA"). FSA was formed in 2003 and FSAM in 2009. As described below, FSA is a New York City-based specialty consulting firm with expertise in affordable housing, community development, infrastructure, renewable energy and energy efficiency, municipal finance and real estate related public private partnerships. In 2020, the two firm's investment advisory services were consolidated into FSAM. Forsyth Street Affordable Housing ("FSAH") was also formed in 2020 and provides transaction-based services to for-profit and not-for-profit developers and owners of affordable housing. All three companies are 94.5% owned by Charles Laven.

FSA provides a suite of consulting services to public agencies, foundations, financial institutions, and non-profits including product and program design, loan underwriting, capital sourcing, and assistance with the issuance of municipal debt. As a consultant, we have assisted municipalities in the creation of programs and internal investment funds, and we bring our knowledge and experience in the creation of new capital investment programs on behalf of cities.

FSAH provides consulting services to for-profit and non-profit affordable housing real estate developers assisting with site selection, feasibility and market analysis, capital sourcing, and transaction execution.

Information about FSAM is provided below and in the balance of the Items in this Form.

Advisory Services of Forsyth Street Asset Management

FSAM serves as an external fund manager for impact-oriented funds and assists in the development, capitalization, and management of several industry-leading investment funds. FSAM works with a wide range of private philanthropies and foundations, Community Development Financial Institutions, CRA-motivated banks, and other leading financial institutions. It acts as a fund manager of multiple investment funds and public-private partnerships and plays an intermediary role between the supply of and the demand for public policy motivated capital. The firm works across a broad range of impact areas, including affordable housing, service-enriched supportive housing, clean energy, community-based healthcare, community facilities, microfinance, urban redevelopment, neighborhood stabilization, and community development.

Through this work, FSAM functions as a specialized lender and portfolio manager, with responsibility for tasks including real estate underwriting, loan origination and servicing, investor reporting, capitalization and balance sheet management, asset management and new product development.

FSAM provides asset management capabilities from inception and design through capitalization, and manages all aspects of operations, including loan origination, underwriting, credit assessment, and financials for each investment fund. Each fund is managed to be self-sustaining through the revenues it earns on its lending and investing activities requiring no additional capital on behalf of the sponsoring municipality or philanthropy or fund members.

FSAM has no retail clients and does not provide services to individual investors. It does not engage in security trading on behalf of any retail client. It is not a broker-dealer nor is it affiliated with any broker dealer.

FSAM performs advisory services for a small number of institutional clients, each of which has worked with FSAM to create customized loan or investment funds whose purpose is to deliver financing to eligible borrowers to advance the social and impact mission of the institutional client or to utilize a public-private partnership to finance renewable energy assets.

FSAM provides investment advisory services on behalf of clients that relate to the investment of client's funds:

1. *Recommendations on Real Estate Loans:* FSAM makes recommendations for the origination of real estate loans, primarily affordable housing, and community development. Such recommendations are in all cases subject to approval by an investment/credit committee for each fund. Each such committee is wholly independent of FSAM and contains no overlap with FSAM's staff. In some cases, FSAM's analysis and recommendations are made to a staff member of the client who then presents said analysis and recommendations to the fund's investment/credit committee. All loan recommendations must fully comply with all relevant underwriting guidelines and operating agreements. Based on the underwriting guidelines and operating agreements, FSAM is only permitted to recommend certain types of loans to clients. FSAM is also required to adhere to detailed guidelines, terms and conditions and requirements about each lending fund. The loans are funded from the proceeds of borrowings of the funds (including bank provided lines of credit or term loans) or with the client's funds or a combination of both.
2. *Recommendations on Investments of Reserves and Surplus Funds:* FSAM periodically invests the cash in the funds to maintain adequate fund liquidity or for other operating or cash management purposes. Any investment decisions relating to said cash are governed by the client-approved policies and procedures of each fund. FSAM is also required to adhere to any applicable borrowing or loan agreements associated with financing provided to the fund. The investment of reserves and surplus funds can only be invested in allowable instruments of specified credit quality. The allowable investments are typically US Treasury securities, highly rated commercial paper, or other cash management investments. Reserves, surplus cash and operating funds are held in: (a) an escrow account with a trustee; (b) demand deposit accounts with a bank; or (c) a client-specified and directed brokerage or investment account held at a third-party broker-dealer. These arrangements are described in Item 12 and Item 15 below.

FSAM does not earn any performance fee based on the outcome of any investment recommendation. Its sole focus is on administering the client's funds in accordance with the required covenants and guidelines established by the client upon entering a contract. All FSAM's recommendations are subject to oversight from an independent investment/credit committee (including the investors, lenders, and client).

FSAM's discretionary and non-discretionary assets under management are discussed in Item 16.

Item 5: Fees and Compensation

FSAM Fees and Compensation include the following:

- Monthly Fixed Fees: these fees range from \$5,000 to \$30,000.
- Loan Underwriting Fees: these fees range from \$10,000 to \$30,000.
- Loan Origination/Closing Fees: these fees range from: \$3,000 to \$5,000.
- Draw Processing Fees: these fees range from: \$2,000 to \$3,000.
- Asset Management Fees: Based on loans outstanding and these fees range from .05% to .10% of loan assets.
- Loan Extension Fees: these fees are approximately .25%.
- Special Project, Work-Out or Capitalization Fees: Negotiated separately as needed and approved by the client.

All fees are payable in arrears and FSAM collects no prepayment of fees. For some clients, FSAM is allowed to transfer funds for its fees from the fund's operating account in accordance with a client-approved operating budget for the fund and in accordance with the fund management contract that sets forth the fees. Operating accounts for the funds are held in demand deposit accounts with banks and reported on to the clients monthly. In other cases, the client pays FSAM's fees directly after an invoice is submitted. Fees are negotiable and customized for each client. No fees are charged on any reserve investment transaction. FSAM does not participate in any wrap fee program. FSAM has no broker-dealer affiliations.

Clients are required to pay third-party trustee fees when reserve funds are held in an escrow account pursuant to an escrow agreement. If a fund obtains a loan from a bank or syndicate of banks, the relevant client must approve each bank's interest and fees associated with the loan.

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

FSAM does not charge fees based on share of capital gains on or capital appreciation of assets.

Item 7: Types of Clients

FSAM's current clients include large national non-profit intermediaries, such as Enterprise Community Partners and the Local Initiatives Support Corporation (LISC), Community Development Financial Institutions, foundations and philanthropies, banks, and other financial institutions. Endowments, pension funds and other large institutions are future potential clients.

Lenders to the Funds include commercial banks, insurance companies and foundations. Citibank, through its Community Development Lending division, acts as a lender to some of our funds. FSAM manages certain renewable energy investments on behalf of the Citicorp North America, Inc. These investments are not a part of FSAM AUM. We have disclosed to our clients that we have a client relationship with both divisions of Citibank.

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

Affordable Housing Lending

For affordable housing and community development loans that are originated and funded with client funds, there are several steps that FSAM takes to analyze the assets, assess risks, implement strategy, and mitigate the risk of loss. Each client's lending program that FSAM manages involves the development of detailed term sheets, eligibility criteria and requirements for each loan. These loan investment criteria are developed with the client prior to the start of the program and are approved by the lenders and/or investors. Exceptions and modifications may only be made with approvals for the program's investment/credit committee, the fund's lenders, and investors.

The funds FSAM manages enter into agreements with qualified Community Development Financial Institutions (CDFI) to originate loans in accordance with each fund's requirements. The CDFIs originate eligible loans pursuant to an origination agreement and share in the risk of each loan which it originates. All loan originations by a CDFI are reviewed and checked by FSAM for compliance with the requirements of the client's program.

Independent MAI appraisal firms that have been pre-qualified by the relevant fund's lenders are used to prepare complete appraisals in accordance with applicable standards and regulations of participating banks.

Loans are assessed for all the risks of a real estate asset, including but not limited to entitlement risk, cost risk, development risk, market risk, construction risk and sponsor risk. Affordable housing loans are also subject to risks associated with government programs that are used to provide subsidies to the projects. FSAM reviews the loans for conformance with the regulations and requirements of the anticipated government assistance that the projects are anticipating.

Each of the affordable housing and community development lending programs that FSAM manages also has an investment/credit committee. These committees are generally composed of the owners of the fund, the local relevant government agencies that will provide subsidies to projects assisted by the lending program as well as funding to the fund, and the private lenders to the fund. The investment/credit committees review and approve each loan that is recommended by FSAM.

As with any real estate investment, there is a risk of loss due to any of the risk factors mentioned above and general market risk. FSAM seeks to address the risk factors through the design of each program's basic lending eligibility criteria, which must also be approved by the fund's funders/investors. FSAM works carefully with all clients at the outset of each fund and during its lifecycle, to monitor risk and keep its clients aware of the risk of loss associated with the programmatic activity. Loans are assessed periodically and given a risk rating; reports on the loan portfolio and its risk ratings are provided to funders/investors quarterly.

Each of the funds that FSAM manages has a required level of reserves that must be maintained to comply with programmatic requirements. These reserves and various net worth and operating covenants of each fund restrict the use of surpluses all intended to act as additional risk mitigation for investors.

Investment of Reserves, Surpluses and Cash

The funds that FSAM manages maintain cash, surplus funds, and reserves. FSAM and the client agree in advance on the investment policy that will be applicable to any cash in the funds. FSAM is only permitted to invest said funds in US Treasuries or Commercial Paper with the highest rating or in Guaranteed Investment Contracts from issuers with the highest rating or bank deposits and similar instruments with adequate credit quality, and CDARs and Government Money Market Accounts. Cash is also maintained in overnight deposits and bank demand deposit accounts. The intent is to minimize risk of loss of the reserves, surplus funds, and cash by only investing in short-medium term maturities of liquid and highly rated securities.

Item 9: Disciplinary Information

Neither FSAM nor its management have been the subject of any legal or disciplinary event which would be material to a client's or prospective client's evaluation of the advisory business or the integrity of management.

Item 10: Other Financial Industry Activities and Affiliations

Charles Laven was a MSRB registered Financial Advisor until 9/30/2021 when we withdrew from MSRB registration.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics and Foundational Duties

In maintaining an environment of openness, honesty and integrity are of utmost importance at FSAM, which has adopted a written code of ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940. The purpose of this Investment Advisor Code of Ethics ("The Code") is to identify the ethical and legal framework in which FSAM Investment Advisor Representatives ("IARs") and FSAM Employees (collectively referred to herein as "Employees") are required to operate and to highlight some of the guiding principles for upholding the Firm's standard of business conduct.

All FSAM Employees are expected to abide and be bound by the Code. All FSAM Employees must acknowledge receipt of the Code within 30 days of association with FSAM. In addition, on an annual basis (by the end of first quarter of the following year), FSAM Employees must attest that he or she has reviewed the Code and will comply with all Firm policies and procedures.

The Code does not and cannot address each potential conflict of interest. Ethics and faithful discharge of the Firm's fiduciary duties require adherence to the spirit of The Code. All Employees must be aware that a variety of activities, including, but not limited to, personal securities transactions and accepting favors from broker-dealers or other advisors, could involve conflicts of interest and/or an abuse of a person's position with the Firm. If there is any doubt about the application, or potential application, of The Code or any of the Firm's compliance policies and procedures the Chief Compliance Officer ("CCO") or his/her designee should be consulted.

Policy

The FSAM Compliance Manual covers the firm's policies with respect to prohibited conduct, activities subject to approval, privacy of client information, gifts and conflicts of interest and other matters relating to appropriate conduct with respect to the FSAM's fiduciary duties.

The following are specific policies related to Employee conduct:

- *Reporting of Code Violations.* Investment Advisor Representatives are required to promptly report all actual or potential conflicts of interest, violations of any Covered Law or violations of FSAM policies and procedures. Such reports shall be made to the CCO or his/her designee and may be made on a confidential or non-confidential basis, orally in person or by phone, or in writing hand delivered or sent by email or fax. Any retaliatory action taken against a person who reports a violation or potential violation shall be a violation of The Code. Further, any Employees who, in good faith, report a violation of The Code or of securities laws shall not suffer harassment, retaliation, or adverse employment consequences. Any employee, director, or officer who retaliates against someone who has reports a violation in good faith is subject to disciplinary action. This policy is to encourage and enable Employees to raise concerns within FSAM rather than seeking resolution outside of FSAM.
- *Supervision and Enforcement of the Code.* The CCO or his/her designee is responsible for ensuring adequate supervision over the activities of all persons who act on the Firm's behalf to prevent and detect violations of The Code by such persons. The CCO or his/her designee

may determine appropriate person(s) to help administer The Code. Specific duties include, but are not limited to:

1. Adopting, implementing, and enforcing the Firm's compliance and supervisory procedures and controls to ensure compliance with the Covered Laws.
2. Reasonably ensuring that all Employees understand the Firm's compliance policies and procedures.
3. Establishing an annual review of the Firm's operations and its compliance policies and procedures to ensure that the Firm has a system designed to provide reasonable assurance that the Firm's compliance policies and procedures are effective and are being followed; and
4. Review personal securities transactions and reports of access persons (as defined below).

Item 12: Brokerage Practices

FSAM only utilizes brokerage services to invest fund reserves and/or surplus cash in accordance with client approved investment policies. FSAM currently has reserves or surplus cash in either escrow accounts with a trustee or in client identified and controlled brokerage accounts or in demand deposit accounts with banks. **Many of our clients also have direct access to the online accounts and can monitor the bank activity directly.**

Our current escrow agreements are with US Bank. The escrow agreements outline the permissible investments, how proceeds of the account may be used and who has authority for directing the use of proceeds. US Bank provides clients and FSAM detailed information on US Bank's procedures with respect to trading and executions in these trust accounts.

All the accounts provide monthly reports to FSAM and FSAM provides them to the client. All the accounts are audited annually.

FSAM receives no commissions, incentives, soft dollar benefits, or referral fees in connection with these investments.

Item 13: Review of Accounts

Written quarterly financial and program reports are distributed as well as annual audited financial statements. All reports are approved by FSAM staff and the President of the firm. FSAM's funds are currently audited by CohnReznick, Novogradac & Company LLP and SB & Company. These auditors were selected and approved by the clients.

Item 14: Client Referrals and Other Compensation

Not Applicable.

Item 15: Custody

Client funds are held in either escrow accounts with trust companies, in demand deposit bank accounts with client approved banking institutions, or in client-controlled brokerage accounts.

In accordance with a client approved operating budget, FSAM pays the operating costs of the fund from the demand deposit accounts.

Item 16: Investment Discretion

FSAM renders investment advice to its clients with limited discretion defined by the client in writing at the establishment of a fund.

For affordable housing and community development loans, FSAM's discretion is limited by a set of client-approved term sheets and eligible investment criteria described above. Investments are additionally subject to the review of fund's investment/credit committee, of which the client is a member.

For the investment of reserves, surpluses, and cash, FSAM only exercises discretion within a pre-approved list of eligible investments of the highest rating categories in order to ensure adequate liquidity and security for the funds. FSAM reviews all potential investments as to maturity and eligibility with the client prior to providing investment instructions to the escrow agent.

For investment in renewable energy assets, FSAM is directed by the client as to the asset to be invested in.

As of December 31, 2023, FSAM had \$179,141,858 of assets under management consisting of \$90,832,368 of Loans Receivable, \$53,342,772 of reserves and surplus cash with discretionary authority and \$34,966,718 of reserves and surplus cash with non-discretionary authority.

Item 17: Voting Client Securities

Not applicable.

Item 18: Financial Information

To the best of our knowledge, there are no financial conditions at the present time that are reasonably likely to impair our ability to meet our contractual commitments to our clients.