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Part 2A of Form ADV: Firm Brochure

Item 1: Cover Page

Aligned Climate Capital LLC

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Aligned Climate Capital LLC (the “Firm”). If you have any questions about the contents of this Brochure, please contact us at larry@alignedclimatecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Aligned Climate Capital LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment adviser does not imply that the Firm or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Item 2: Material Changes

This is our first Form ADV Part 2A. In the future, we will use this item to report any material changes to this Brochure.

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Item 4: Advisory Business

Aligned Climate Capital LLC (the “**Firm**”) is an investment adviser based in New York, NY. The Firm commenced operations in 2019. Terms such as “we” or “us” or other similar terms used herein refer to the Firm.

The Firm’s principal strategy is to form investment vehicles – private equity funds – which make investments in climate infrastructure projects, primarily in the areas of clean energy, water infrastructure, and waste-to-value. The Firm focuses on sourcing equity and debt investment opportunities in traditional clean energy deployment, high growth-equity opportunities in emerging markets, new technology companies, and tax equity investments. We raise equity capital for these investment vehicles from institutional investors, family offices, and high net worth individuals. The Firm also provides asset-monitoring services, and serves as co-manager to unaffiliated private funds.

The Firm is a Delaware limited liability company. The principal owner of the Firm is Peter W. Davidson, its CEO. As of the date of this Brochure, the Firm has approximately \$153,500,000 of regulatory assets under management, of which it manages approximately \$8,000,000 on a discretionary basis. With respect to approximately \$145,500,000 of the total, the Firm acts on a non-discretionary basis as co-manager with another registered investment advisor.

Item 5: Fees and Compensation

As compensation for its investment advisory services, the Firm receives fixed fees and performance based compensation. Fixed fees may take the form of (i) management fees calculated as a percentage of assets under management, (ii) management fees calculated as a dollar amount per period (month, quarter, or year), (iii) development fees calculated as a dollar amount per megawatt of solar power generation facilities, or (iv) other formula for calculating fixed fees that the Firm may elect to use. Fixed fees may be payable upon the occurrence of a specified event, such as the commencement of commercial operation of a solar power generation facility, or may be paid on a periodic basis and payable in advance, but in no case more than three months in advance. Performance based compensation takes the form of a carried interest after a specified return to investors, and is payable upon achieving the specified performance hurdle. All fees are deducted from clients' assets.

Clients pay, or reimburse the Firm, for all transaction expenses and other costs incurred for the client's business and investments, including all formation and operation costs. Other than the fees described above, and such reimbursement of expenses and costs, the Firm does not charge any other fees to clients, such as brokerage fees or custodian fees. See also Section 12 of this Brochure concerning Brokerage Practices.

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

The Firm receives performance based fees, in the form of carried interests, as well as flat fees or asset based fees, from the client investment funds that it manages. Performance fees are established individually for each client, and are not the same for each client. The Firm mitigates any potential conflict of interest that might arise where two funds might have a substantial overlap in their target investments, and one fund provides for performance fees and the other does not, by substantially fully identifying the investments to be made by a fund before commencing making investments in another fund that has substantial overlap in target investments.

Item 7: Types of Clients

The Firm's clients are private investment funds which raise capital from institutional investors, family offices and high net worth individuals. While the Firm does not currently have any of these institutional investors, family office or high net worth individuals as clients for whom the Firm provides direct investment advisory services, it may at some point take on such clients.

Clients of the Firm that are investment funds enter into an agreement (typically a limited liability company operating agreement, or a management agreement) which sets forth the terms of the advisory relationship, including the terms under which the Firm (or an affiliate) acts as manager of the fund, and the compensation to which the Firm is entitled under the agreement. For investment funds for which the Firm acts as sole manager, the Firm and the investment fund also enter into a separate services agreement with respect to additional services that the Firm (or an affiliate) provides to the fund, and the compensation to which the Firm is entitled under such agreement.

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

Methods of Analysis and Investment Strategies

The Firm sources, screens, conducts due diligence on, and structures transactions, and provides project development services, in the climate infrastructure sector – primarily in the areas of clean energy, water infrastructure, and waste-to-value – that satisfy specific goals related to risk-adjusted financial rates of return for its clients. The Firm also assists in deal monitoring and facilitating post-close value-creation through the duration of the investment.

The Firm sources transactions by utilizing its network of companies, developers, banks, government programs, and other co-investors. Investing in these transactions involves risk of loss that clients, and the investors in those client funds, should be prepared to bear. Some of these risks are identified below under “Risk of Loss Factors”. To mitigate risk for clients, the Firm performs diligence and analysis on potential investments to identify potential risks, and then implements strategies designed to mitigate the risks it identifies.

Risk of Loss Factors

The following summary does not purport to include every risk involved in investing in climate infrastructure. Rather it focuses on those risks that generally are associated with the Firm’s investment strategy and philosophy. Investment in climate infrastructure, whether directly into projects or into companies involved in infrastructure, may be speculative and involve a high degree of risk, including the risk that the entire amount invested may be lost.

Risks Associated With Climate Infrastructure and Clean Energy

The Firm targets investments in climate infrastructure and clean energy. Generally, investments in this area are subject to a number of risks (including, without limitation, changing regulations, governmental oversight, high levels of competition and risks associated with development of projects), uncertainties, assumptions and other factors, some of which will be beyond the control of the sponsor of the investment, will be difficult or impossible to predict and could cause actual results of the investment to differ materially from the Firm’s expectations at the time of investment.

No Assurance of Projected Results

The Firm generally seeks to structure each investment based upon the financial projections for that investment, which are based on a variety of assumptions, estimates, judgments and other considerations of the Firm’s management team. In all cases, projections are only estimates of future results based upon assumptions made at the time the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projection. General economic conditions, which are not predictable, can have a material adverse impact on the accuracy of projections.

Risk of Private Company Investments

Client investments may consist of investments in privately held entities, and results in a specified period will be difficult to predict. While private investments may offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing at an early, middle or late-stage of development, or with the need for substantial additional capital to

support expansion or achieve or maintain a competitive position. Such companies may face intense competition, including competition from entities with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Illiquidity of Investments; Long Term Investment

Investments in projects and in companies are generally expected to be illiquid. It is uncertain as to when the return of capital, if any, will occur or when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, may occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it generally is not expected that this will occur for a number of years after the initial investment. Prior to such time, there may be no current return on the investment. Even if the investment or project proves successful, it may not produce a realized return to investors for a number of years.

Restricted Nature of Investment Positions

In some cases, there will be no readily available market for the investments that the Firm selects or recommends for its clients, and hence, most of those investments will be difficult to value. Disposition of such investments may require a lengthy time period or may result in distributions in kind to investors.

Leverage

Investments in projects or companies may make use of leverage by incurring debt. Leverage generally magnifies opportunities for gain, but also magnifies the risk of loss. The use of leverage also will result in interest expense and other costs to a project. Leverage often imposes restrictive financial and operating covenants on a project or company, in addition to the burden of debt service, and may impair the ability to finance future operations and capital needs. In the event any investment does not generate adequate cash flow to satisfy its debt obligations, the investment may suffer a partial or total loss of capital. Furthermore, investments selected or recommended by the Firm generally will not be rated by a credit rating agency.

Investment in Troubled Assets

The Firm may select or recommend investments in non-performing, undercapitalized or other troubled assets, which may involve a high degree of financial risk.

Non-U.S. Investments

The Firm may recommend investments in projects or companies located outside of the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations, the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the investment and/or the investors with respect to the investment's income, possible non-U.S. tax return filing requirements for the investment and/or the investors, and other local economic and geopolitical events in the region.

Certain recommended investments may be made in currencies other than U.S. dollars. The value of an investment may fall substantially as a result of fluctuations in the currency of the country in which the investment is made as against the value of the U.S. dollar.

Changes in Business Environment

Investments selected or recommended by the Firm may extend over a period of years, during which the business, economic, political, regulatory, and technology environment of the investments may undergo substantial changes, some of which may be adverse to investors. Furthermore, in recent years, significant economic, regulatory, and political changes have had a significant impact on the market as a whole.

Tax Risks

Investments selected or recommended by the Firm may involve various tax risks, that will depend on various factors including the specific terms of the proposed investment and the individual tax positions of the investors in client funds. Some of these tax risks are: (i) investors in client funds may be limited in their ability to monetize investment tax credit and accelerated depreciation tax benefits that may arise from the investment; (ii) in order to increase the amount of tax benefits that may be available to investors in client funds, the fund documentation may include a “deficit restoration obligation” that may expose investors to liability for indebtedness of the fund that exceeds the amount of their investment; (iii) certain tax benefits of an investment, such as the investment tax credit, are subject to recapture under certain circumstances, which could expose investors to unanticipated tax liabilities; (iv) investors could have tax liabilities from an investment made by a fund that exceed the cash distributions that investors receive from the fund; and (v) investors may receive Form K-1 from a fund, on which the investor’s share of the income, loss and other tax items of the fund are reported, later than the regular due date for filing their income tax returns, so that investors would be required to obtain extensions for filing of their federal, state and local income tax returns.

Item 9: Disciplinary Information

Neither the Firm nor any of its affiliates have been subject to any disciplinary action, whether criminal, civil, administrative, or regulatory, required to be disclosed in this Item. Likewise, no persons involved in the management of the Firm have been subject to any such action.

Item 10: Other Financial Industry Activities and Affiliations

Neither the Firm nor any of its affiliates is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither the Firm nor any of its affiliates is registered or has an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

An affiliate of the Firm, Aligned Partners Management LLC, is the appointed manager of an investment fund that directly owns and controls operating assets. Although this fund is considered

a client of the Firm, the assets of this fund are not regulatory assets under management for purposes of Form ADV.

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

Code of Ethics

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended, the firm has adopted a Code of Ethics (the “**Code**”) that establishes various procedures with respect to investment transactions in accounts (“**Covered Accounts**”) in which any of the Firm’s employees has discretionary investment authority or exercises effective influence or control. The Firm will provide a copy of the Code to any client upon request.

Covered Account transactions in certain types of securities are monitored by the Firm’s Chief Compliance Officer (“**CCO**”). Employees also must obtain pre-approval from the CCO before participating in an initial public offering or a private placement.

Covered Account transactions are subject to review by the Firm’s CCO. These records are used to monitor compliance with the foregoing policies.

Participation or Interest in Client Transactions

Employees and affiliated entities do not currently participate in investments that the Firm selects for or recommends to clients. Employees may invest, along with unrelated investors, in the investment funds which are the Firm’s clients.

Item 12: Brokerage Practices

As an adviser on private investments, the Firm is unlikely to make investments, or make recommendations to clients to invest, in publicly traded securities. However, if required to select a broker-dealer for a client transaction, the Firm will seek “best execution” and make the selection based on a combination of cost, execution capability, and trading expertise consistent with the transaction.

The Firm does not have any formal or informal soft dollar arrangements with, nor does the Firm receive any soft dollar benefits from, any broker, dealer or other counterparty.

Item 13: Review of Accounts

Client investments are reviewed periodically to assure conformity with the investment objectives and guidelines set forth in the agreement that governs each client’s advisory relationship with the Firm. Such reviews are conducted by the CEO or a Managing Director of the Firm.

The Firm prepares annual financial statements for each of its investment fund clients, which reflect the results of all investments made by each fund. The Firm also provides periodic reporting by

email to investors in each fund of matters relating to particular investments that the Firm deems noteworthy.

Item 14: Client Referrals and Other Compensation

The Firm does not presently compensate, directly or indirectly, any person for client referrals.

The Firm does not receive any economic benefit from anyone other than its clients for providing investment advice or other advisory services to its clients. In addition, the Firm has not contracted with any third-party marketing firms to solicit clients on behalf of the Firm. However, the Firm does have agreements with third-party registered broker-dealers for soliciting investors for certain funds. The Firm compensates these firms with a percentage share of the capital raised by them, as outlined in the agreement with each respective firm. No additional fees are charged to investors as a result of the Firm's participation in these arrangements.

Item 15: Custody

The Firm does not maintain physical possession of client cash and/or securities. However, with respect to funds for which the Firm (or an affiliate) acts as the sole manager, the Firm (or an affiliate) does have access to cash and securities in the client investment fund, along with the authority to perform various acts that may be deemed to result in custody, as defined under Rule 206(4)-2 under the Advisers Act. A qualified custodian, First Republic Bank, holds client cash in a separate bank account in the name of each client investment fund of which the Firm (or an affiliate) is the sole manager. Pursuant to Rule 206(4)-2, securities of a client investment fund that are "privately offered securities" are not required to be maintained with a qualified custodian. "Privately offered securities" include generally those securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering, (ii) uncertificated, and ownership thereof is recorded only on books of the issuer or its transfer agent in the name of the client, and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

For funds for which the Firm acts a co-manager, the Firm does not have authority to move or deal with cash or securities without authorization from the co-manager, so for such funds the Firm does not have custody.

The Firm prepares annual financial statements for each client investment fund in accordance with GAAP, and engages an independent public accounting firm registered with and subject to regular examination by the Public Company Accounting Oversight Board, to audit those financial statements. The audited financial statements are distributed to all investors of the client (a) annually within 120 days of the end of the Client's fiscal year and (b) following any audit upon liquidation, promptly following completion of such audit.

Item 16: Investment Discretion

The Firm, either directly or through an affiliate that serves as the manager of each investment fund, has discretionary authority to make investments for the fund, subject to the limitations provided in the governing agreements for each fund.

Item 17: Voting Client Securities

In cases where a fund for which the Firm (or an affiliate) serves as sole manager, may hold securities of a company (as contrasted with directly holding project assets), the Firm (or such affiliate) will vote such securities in its discretion, subject to any limitations provided in the governing agreements for the fund. For a fund for which the Firm serves as co-manager, the Firm does not have authority on its own to exercise voting rights on securities.

The Firm will monitor the potential for conflicts of interest that might arise from such discretionary voting authority. If the Firm determines that a conflict of interest exists as to a particular issuer, the CCO will determine whether the conflict is material to the vote. If it is determined to be material, the Firm will address the conflict in good faith.

Item 18: Financial Information

The Firm has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

In connection with COVID-19, Aligned Climate Capital participated in the Paycheck Protection Program ("PPP") and Economic Injury Disaster Loan ("EIDL") program from the U.S. Small Business Administration. At the time of the application to these programs, the Firm determined that the results of COVID-19, including the many "shelter in place" orders and the severe volatility in the marketplace, created significant economic uncertainty. Although a PPP loan and an EIDL loan were received during the COVID-19 pandemic, at no time was the Firm subject to a financial condition that impaired our ability to meet contractual commitments to our clients.