

Part 2A of Form ADV: Firm *Brochure*

Item 1: Cover Page



**DISCLOSURE BROCHURE
(PART 2A of Form ADV)**

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This brochure provides information about the qualifications and business practices of Capital Impact Advisors LLC. If you have any questions about the contents of this brochure, please contact us at: 617-279-0045, or by email at: info@ershares.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. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about Capital Impact Advisors LLC, including a copy of its Form ADV Part 1, is available on the SEC's website at www.adviserinfo.sec.gov

Item 2: Material Changes

There have been material changes to this brochure since its last update on October 18, 2019.

Effective December 04, 2019, The EntrepreneurShares Series Trust board of directors formally designated Mihai Prisacariu as the Chief Compliance Officer (“CCO”) for all entities under the EntrepreneurShares Series Trust. Mihai Prisacariu became interim CCO on May 21, 2019. The EntrepreneurShares Series Trust board of directors formally designated Mihai Prisacariu as the interim CCO at the board of directors meeting on June 10, 2019.

As amended on October 18, 2019, item 4 (Advisory Business) and Item 10 (Other Financial Industry Activities and Affiliations) have been amended in this other than annual amendment filed on October 18, 2019 to provide further clarity into a majority stakeholder in the funds.

Effective March 25, 2020, the EntrepreneurShares Series Trust, which is made up of the three following entities; Capital Impact Advisors, LLC, Seaport Global Advisors, LLC, and EntrepreneurShares, LLC, approved to move all services from RSM US LLP to BBD, LLP. These services include: auditing the financial statements, preparing or reviewing the Federal and State (if applicable) income tax returns, preparing the annual excise tax returns, issuance a consent for inclusion with the annual N-1A filing, reviewing the calculations of the annual distribution requirements; and informal consultation throughout the year.

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Item 4: Advisory Business

Capital Impact Advisors LLC (“Capital Impact”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Capital Impact was founded and has been registered as an investment adviser since 2013. Dr. Joel M. Shulman is the principal owner of Capital Impact. While Dr. Shulman controls Capital Impact Advisors, the Pentegra Defined Benefit Plan for Financial Institutions (the “Pentegra DB Plan”), a tax qualified pension plan and trust, holds a 25% equity stake in Capital Impact Advisors.

Investment Management Services

Capital Impact invests money according to the separate strategies the firm has developed and does not customize investments and portfolios to the needs and desires of an individual client.

It is the view of Capital Impact Advisors that organizations that emphasize entrepreneurial culture, organic growth, and shareholder-aligned compensation have the potential to outperform well-established corporations over time. Entrepreneurs tend to keep their organization costs lean, debt levels manageable, and expansion projects within reach. Though they may have much less access to cheap debt or equity, they tend to more than compensate with methods for making their resources go further. Consequently, entrepreneurs generally are less affected than non-entrepreneurs by macro-credit decisions that reduce borrowing capacity in the marketplace, and generally have the balance sheets to withstand difficult capital-market conditions and the management expertise, confidence, and savvy to navigate unexpected disruptions.

Entrepreneurs with vast financial resources are not always successful. In order to grow, entrepreneurial teams need opportunities to match their resources with appropriate projects. Entrepreneurs tend to seek out and deliver projects with high return on invested capital and engage in successful deal brokering. They tend to leverage business relationships to full economic advantage and position their company at the center of industry growth. Their wealth is created, in part, from a unique vision on how to extract value within competitive market environments. Eventually, the outstanding results of entrepreneurial businesses should attract the attention of analysts and the media, and publicly traded stocks of successful entrepreneurial companies are bid higher.

Capital Impact searches for attributes that are markers of entrepreneurial behavior and can be monitored. For example, an organization with an “entrepreneurial culture” is presumed to have a more efficient workforce that will outperform non-entrepreneurial companies. If this is the case, then the portfolio manager expects entrepreneurial companies to have lower “SGA” (selling, general, and administrative) expenses, higher gross margins, and higher “ROA” (return on assets). Company SGA, ROA, net profit, and other margin-related factors are monitored and compared to industry benchmarks.

Capital Impact evaluates “entrepreneurial vision” and presumes that company managers with better entrepreneurial vision will select more efficient and economically effective growth vehicles without taking on undue risk. This trait might be represented by superior growth characteristics compared to other non-entrepreneurial peer companies in the same

industry. These characteristics include: (i) more organic growth; (ii) more strategic alliances/partnerships/licensing deals; (iii) lower debt levels; (iv) lower or no dividends; and (v) higher sales turnover (sales divided by total assets).

There are a number of factors that distinguish entrepreneurial companies from non-entrepreneurial companies. According to the portfolio manager, these attributes include:

- (1) organic growth opportunities
- (2) above-average ownership stakes among key stakeholders
- (3) low SGA expense
- (4) above-average ROIC (return on invested capital)
- (5) sustainable growth
- (6) manageable debt
- (7) active strategic alliances/partnerships/licensing deals
- (8) shareholder-aligned executive compensation packages
- (9) low executive turnover
- (10) transparent corporate governance
- (11) long duration of key managers
- (12) low or no dividends
- (13) family involvement
- (14) high EBITDA (earnings before interest, taxes, depreciation, and amortization) margin percentage
- (15) other significant stakeholder relationships (such as key board members, etc.)

Investments are not held by Capital Impact. Instead, all investments managed by Capital Impact are held at the custodian or brokerage firms ("Custodian") through which transactions are placed. Capital Impact does not assure or guarantee the results of its investment management services. Thus, losses can occur from following Capital Impact's advice pertaining to any investment or investment approach.

Type of Advisory Services

Mutual Funds - Capital Impact Advisors, LLC serves as the investment advisor to the ERShares U.S. Small Cap Fund and the ERShares U.S. Large Cap Fund (the "Funds"). As investment advisor, Capital Impact Advisors, LLC is primarily responsible for the day-to-day management of the investment portfolios of the Funds.

The ERShares U.S. Small Cap Fund seeks investment results that exceed the performance, before fees and expenses, of the Russell 2000 Index, through active principles-based securities selection. The Fund mainly invests in equity securities of domestic companies with market capitalizations that are above \$300 million at the time of initial purchase and possess entrepreneurial characteristics, as determined by the Fund's portfolio manager.

The ERShares U.S. Large Cap Fund seeks investment results that exceed the performance, before fees and expenses, of the S&P 500 Index, through active principles-based securities selection. The Fund mainly invests in equity securities of domestic companies with market

capitalizations that are above \$5 billion at the time of initial purchase and possess entrepreneurial characteristics, as determined by the Fund's portfolio manager.

In view of this, the Funds may be subject to above-average risk. Clients and prospective clients are encouraged to carefully read the Funds' Prospectus for details about the Funds' objectives and fees.

Exchange-Traded Funds – Capital Impact Advisors, LLC serves as the investment adviser to the ERShares Entrepreneur 30 ETF and ERShares Non-US Small Cap ETF (the “ETFs”).

The ERShares Entrepreneur 30 ETF is an exchange-traded Fund that seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index, the Entrepreneur 30 Index. The Entrepreneur 30 Index was developed by EntrepreneurShares, LLC, an affiliate of Capital Impact Advisors, LLC and is licensed exclusively to the Advisor for use as an investment strategy. The Index comprises 30 US Companies with the highest market capitalization and composite scores based on six criteria.

The Entrepreneur 30 Index is constructed using a rules-based methodology by selecting equity securities from a pool of companies whose securities trade on NASDAQ, the New York Stock Exchange or another major exchange in the U.S. and have a market capitalization that exceeds \$1,000,000,000 USD. The Fund invests in domestic U.S. equity securities, but such securities may include domestic equity securities of foreign issuers, including indirect investments such as American Depositary Receipts (“ADRs”) or other types of depositary receipts, which are U.S. dollar-denominated securities of foreign issuers traded on a U.S. exchange.

The ERShares Non-US Small Cap ETF is an exchange-traded Fund that seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index, the Entrepreneur Non-US Small Cap Index. The Entrepreneur Non-US Small Cap Index was developed by EntrepreneurShares, LLC, an affiliate of Capital Impact Advisors, LLC and is licensed exclusively to the Advisor for use as an investment strategy. The Index comprises 50 non-U.S. companies from around the World with market capitalizations between \$300 million and \$5 billion USD, that have the highest rank based on the six investment style factors discussed below.

The Entrepreneur Non-US Small Cap Index is constructed using a rules-based methodology that purchases equity securities of non-U.S. companies with a market capitalization between \$300 million and \$5 billion USD. Non-U.S. companies are issuers tied economically to countries other than the U.S. The equity securities (including common stocks, preferred stocks, convertible preferred stocks, and warrants) of non-U.S. companies that are part of the Index Universe include equity securities of such companies that trade on major Global exchanges, and indirect investments such as American Depositary Receipts (ADRs) (sponsored only) and Global Depositary Receipts (GDRs) (sponsored only). ADRs are dollar-denominated receipts issued generally by domestic

banks and representing the deposit with the bank of a security of a non-U.S. issuer, and are publicly traded on exchanges or over-the-counter in the United States. GDRs may be offered privately in the United States and also traded in public or private markets in other countries.

Assets under Management: As of December 31, 2019, Capital Impact discretionary assets under management were \$399,561,860.72

Item 5: Fees and Compensation

Investment Management Services Fee: As compensation for its services, Capital Impact charges a percentage of the market value of the assets it manages. The fees are based on an annual percentage rate applied to the market value of the portfolio on a quarterly basis, and in some cases, monthly. Clients may choose to be invoiced or Capital Impact can direct debit from the client's custodial account, either quarterly or monthly, in advance or in arrears. In most cases the fees are calculated based upon the market value of the portfolio at the end of each quarter/month, although some accounts are billed based upon the market value of the portfolio at the beginning of the quarter. The timing of calculations is determined in the services agreement before services begin. One-fourth in the case of quarterly billing or, in the case of the monthly-billed clients, one-twelfth of the annual fee is then billed to the client for services performed during that quarter or month. For clients billed at the beginning of each quarter, and in the event that a client terminates their investment advisory contract prior to the end of the quarter, the fee will be recalculated from the beginning of the quarter to the termination date; any difference between what was paid and the new fee will be returned to the client. For clients billed at the end of each quarter, and in the event that a client terminates their investment advisory contract prior to the end of the quarter, the fee will be pro-rated for the partial period that the account was under management. The management agreement runs for an initial period of one year, and quarterly thereafter. The agreement generally may be terminated by either party without penalty upon 30 days' written notice. If an account is terminated prior to the end of the quarter, the fee for the remainder of the quarter will be refunded.

ERShares U.S. Small Cap Fund fee schedule: In return for managing Fund assets, Capital Impact receives a management fee of 0.75% of the value of Fund assets per year. Capital Impact has agreed to lower its fee to ensure a cap on total Fund expenses of 0.86% for the Institutional share class and 1.11% for Retail Class (which is not currently active).

ERShares U.S. Large Cap Fund fee schedule: In return for managing Fund assets, Capital Impact receives a management fee of 0.65% of the value of Fund assets per year. Capital Impact has agreed to lower its fee to ensure a cap on total Fund expenses of 0.76% for the Institutional share class and 1.01% for Retail Class (which is not currently active).

ERShares Entrepreneur 30 ETF fee schedule: In return for managing Fund assets, Capital Impact receives a management fee of 0.49% of the value of Fund assets per year. The management fee is structured as a "unified fee," out of which the Fund's advisor pays all of the ordinary operating expenses of the Fund, except for payments under any 12b-1 plan; taxes and other costs of borrowing; litigation or arbitration expenses; acquired fund

fees and expenses; and extraordinary or other non-routine expenses of the Fund; each of which is paid by the Fund.

ERShares Non-US Small Cap ETF fee schedule: In return for managing Fund assets, Capital Impact receives a management fee of 0.75% of the value of Fund assets per year. The management fee is structured as a “unified fee,” out of which the Fund’s advisor pays all of the ordinary operating expenses of the Fund, except for payments under any 12b-1 plan; taxes and other governmental fees; brokerage fees, commissions and other transaction expenses; interest and other costs of borrowing; litigation or arbitration expenses; acquired fund fees and expenses; and extraordinary or other non-routine expenses of the Fund; each of which is paid by the Fund.

Other Fees: Fees paid to Capital Impact are for Investment Management Services only. The fees do not include, for example, fees charged by third parties such as third-party managers, or accountants and attorneys assisting with providing the client with accounting and legal advice. Commissions on transactions and other account fees will also be charged by brokerage firms in accordance with the account’s brokerage or custodial firm’s normal commission schedule. See Item 12, Brokerage Practices for additional information. Prospective clients should be aware that in addition to Capital Impact's advisory fees, each exchange traded fund or mutual fund in which a client's assets are invested also pays its own advisory fees and other internal expenses, which already have been deducted from the fund's reported performance.

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

Capital Impact does not use a performance based fee schedule.

Item 7: Types of Clients

Description

Capital Impact Advisors LLC makes its advisory services available to a wide variety of clients including, but not limited to investment companies, financial institutions, pension and profit sharing plans, corporations and individuals.

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

The ERShares U.S. Small Cap Strategy seeks investment results that correspond generally to the performance, before fees and expenses, of the Russell 2000 Index, by actively selecting the securities of the Index to be held. The Strategy mainly invests in equity securities of domestic companies with market capitalizations that are above \$300 million at the time of initial purchase and possess entrepreneurial characteristics (“entrepreneurial companies”), as determined by the Fund’s portfolio manager. Equity securities include common stocks, preferred stocks, convertible preferred stocks, warrants, options and American Depositary Receipts.

The ERShares U.S. Large Cap Strategy seeks investment results that correspond generally to the performance, before fees and expenses, of the S&P 500 Index, by actively selecting the securities of the Index to be held. The Strategy mainly invests in equity securities of

domestic companies with market capitalizations that are above \$5 billion at the time of initial purchase and possess entrepreneurial characteristics (“entrepreneurial companies”), as determined by the Fund’s portfolio manager. Equity securities include common stocks, preferred stocks, convertible preferred stocks, warrants, options and American Depository Receipts.

The ERShares Entrepreneur 30 ETF seeks investment results that correspond generally, before fees and expenses, to the performance of the Entrepreneur 30 Index (the “Entrepreneur 30 Index”). The EntrepreneurShares Entrepreneur 30 Index was developed by, and is maintained by, EntrepreneurShares, LLC, an affiliate of Capital Impact Advisors, LLC (the “Advisor”), and is licensed exclusively to the Advisor for use as an investment strategy. The Index comprises 30 US Companies with the highest market capitalizations and composite scores based on six criteria. Under normal circumstances, the Fund will invest at least 80% of its net assets, plus any borrowings for investment purposes, in securities of companies included in the Entrepreneur 30 Index.

The ERShares Non-US Small Cap ETF seeks investment results that correspond generally, before fees and expenses, to the performance of the Entrepreneur Non-US Small Cap Index (the “Entrepreneur Non-US Small Cap Index”). The Entrepreneur Non-US Small Cap Index is market capitalization weighted index that was developed by, and is maintained by, EntrepreneurShares, LLC, an affiliate of Capital Impact Advisors, LLC (the “Advisor”), and is licensed exclusively to the Advisor for use as an investment strategy. The Index comprises 50 non-U.S. companies from around the World with market capitalizations between \$300 million and \$5 billion USD, that have the highest rank based on the six investment style factors discussed below. Under normal circumstances, the Fund will invest at least 80% of its net assets, plus any borrowings for investment purposes, in securities of companies included in the Entrepreneur Non-US Small Cap Index.

The Capital Impact investment strategies are unique, in part, due to the portfolio manager’s proprietary selection process of identifying companies that possess entrepreneurial characteristics. The Strategies utilize quantitative models to narrow the broad universe of domestic companies in which it may invest down to a list of several hundred companies. The Strategies then use fundamental analysis to identify from this list the entrepreneurial companies that it believes have the highest potential for long-term capital appreciation. By way of example, in conducting the fundamental analysis, the Funds look for companies with a good business, shareholder-oriented management and organic growth. The portfolio manager will generally sell a portfolio security when the portfolio manager believes the security has achieved its value potential; changing fundamentals signal a deteriorating value potential; or other securities with entrepreneurial characteristics have better performance potential.

Risk of Loss

Investors in the ERShares U.S. Small Cap, ERShares U.S. Large Cap, ERShares Entrepreneur 30 ETF and ERShares Non-US Small Cap ETF portfolios may lose money. The Capital Impact strategies are intended for investors who are willing to withstand the risk of short-term price fluctuations in exchange for potential long-term capital

appreciation. There are risks associated with the types of securities in which the Strategy invests. These risks include:

- **Manager Risk:**

How the portfolio manager manages the Funds will affect the Funds' performance. The Fund may lose money if the portfolio manager's investment strategy does not achieve the Funds' objective or the portfolio manager does not implement the strategy properly. The Strategy for the mutual funds is actively managed and performance therefore will reflect in part the ability of the Strategy's portfolio managers to make investment decisions that are suited to achieving the Strategy's investment objective. The Strategy could underperform other funds with similar investment objectives.

- **Market Risk:**

The prices of the securities, particularly the common stocks, in which the Funds invest may decline for a number of reasons. The price declines of common stocks, in particular, may be steep, sudden, and/or prolonged.

- **Common Stocks:**

Common stocks represent an ownership interest in a company. They may or may not pay dividends or carry voting rights. Common stock occupies the most junior position in a company's capital structure. Debt securities and preferred stocks have rights senior to a company's common stock. Although common stocks have a history of long-term growth in value, their prices fluctuate based on changes in a company's financial condition and on overall market and economic conditions.

- **Small and Medium Sized Companies Risk:**

The Funds invest in small and medium sized companies, which may have more limited liquidity and greater price volatility than larger, more established companies. Small companies may have limited product lines, markets or financial resources and their management may be dependent on a limited number of key individuals.

- **Quantitative Investment Approach Risk:**

The Funds utilize a combined approach of quantitative and qualitative analysis. The Funds employ a number of quantitative filters in identifying a broad array of entrepreneurial companies, and then the Funds perform fundamental analysis in determining its final stock selection. While the portfolio manager reviews and refines the investment approach when necessary, there may be market conditions in which the quantitative or qualitative investment approaches perform poorly.

- **Index Risk:**

The performance of the ERShares U.S. Small Cap Fund may diverge from that of the Russell 2000 Index and the performance of the ERShares U.S. Large Cap Fund may diverge from that of the S&P 500 Index. The performance of the Entrepreneur 30 Index and the ERShares Entrepreneur 30 ETF may deviate from that of the market the Entrepreneur 30 Index seeks to track due to changes that are reflected in the market more quickly than the Entrepreneur 30 Index. The performance of the Entrepreneur Non-US

Small Cap Index and the ERShares Non-US Small Cap ETF may deviate from that of the market the Entrepreneur Non-US Small Cap Index seeks to track due to changes that are reflected in the market more quickly than the Entrepreneur Non-US Small Cap Index.

- **Valuation Risk:**

The value of the securities in the Funds' portfolio may change on days when shareholders will not be able to purchase or sell the Funds' shares.

Item 9: Disciplinary Information

There have been no disciplinary actions against Capital Impact or any of its employees within the last ten years by:

- Any domestic, foreign, or military court,
- The SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority, or
- Any self-regulatory organization (SRO).

Item 10: Other Financial Industry Activities and Affiliations

Capital Impact Advisors, LLC serves as the investment advisor to the ERShares U.S. Small Cap Fund, the ERShares U.S. Large Cap Fund, ERShares Entrepreneur 30 ETF and ERShares Non-US Small Cap ETF. Capital Impact's principal executive officer, Dr. Joel M. Shulman, also serves in the same capacity to EntrepreneurShares, LLC ("EntrepreneurShares") an SEC registered investment adviser, and Seaport Global Advisors, LLC ("Seaport") another SEC-registered investment advisor. Seaport and EntrepreneurShares are the advisor and sub-advisor (respectively) to the ERShares Global Fund.

Mihai Prisacariu is the CCO of all entities operating under EntrepreneurShares Series Trust, which includes three entities; Capital Impact Advisors, Seaport, and EntrepreneurShares each serving as either advisor or sub-advisor to the EntrepreneurShares Series Trust.

The Pentegra Defined Benefit Plan for Financial Institutions (the "Pentegra DB Plan"), a tax qualified pension plan and trust, holds a 25% equity stake in Capital Impact Advisors. The Pentegra DB Plan received its ownership in Capital Impact Advisors in February 2014 in exchange for seeding the ERShares US Small Cap Fund and the ERShares US Large Cap Fund. Scott Stone currently serves as the President (since March 2015) and Chief Investment Officer (since June 2011) of Pentegra Investors, Inc., where he and his team are responsible for the management and oversight of the investment processes governing approximately \$8 billion in assets, comprised of both public and private holdings of fixed income, equity, real estate, hedge fund and other alternative investments.

Mr. Stone is an interested person of the Funds because Pentegra Investors, Inc is an affiliate of the Pentegra Defined Benefit Plan for Financial Institutions (the "Pentegra DB Plan"), a tax qualified pension plan and trust that holds a 25% equity stake in Capital Impact Advisors, LLC, the investment advisor to both the ERShares US Small Cap Fund and the ERShares US Large Cap Fund, and that is the majority shareholder of each Fund. The

insight and approval of Mr. Stone on strategic decisions regarding the advisors to the Funds is sought by Dr. Shulman, who is the control person of the advisors to the Funds.

Capital Impact does not have any other financial industry activities or affiliations that are material to its advisory business.

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

Code of Ethics

Rule 204A-1 under the Investment Advisers Act of 1940 (the "Advisers Act") requires federally registered investment advisers to establish, maintain and enforce written codes of ethics that include, among other matters, standards of business conduct required of "supervised persons," provisions requiring supervised persons to comply with applicable federal securities laws, provisions requiring "access persons" to report their personal securities transactions and holdings and obtain approval before they acquire beneficial ownership of any security in an initial public offering or private placement. This Code has been adopted by the Firm and is intended to comply with Advisers Act Rule 204A-1 and Investment Company act Rule 17j-1.

Capital Impact has adopted a Code of Ethics pursuant to Rule 204A-1 that sets forth the standards of business conduct required of Capital Impact's Supervised Persons and requires an affirmative commitment that all Supervised Persons will comply with federal securities laws.

Capital Impact will provide a copy of the Firm Code of Ethics to any client or prospect upon request.

Recommend Securities with Material Financial Interest

Capital Impact receives a fee for its role as advisor to the ERShares U.S. Small Cap Fund, ERShares U.S. Large Cap Fund, ERShares Entrepreneur 30 ETF and ERShares Non-US Small Cap ETF ("Funds"). Capital Impact does not place the Funds in a client's account when the client's investment objectives seek such an investment opportunity. Yet, direct ownership of the individual securities may not be cost effective due to the size of the client's account. In which case, the client may invest in the Funds outside of their Capital Impact account directly with their broker or custodian. The Funds are not held in a client's account, and their value is not included in the account value when computing Capital Impact's management fee.

Invest in Same Securities Recommended to Clients

Supervised Persons of Capital Impact may buy or sell securities for themselves that they also recommend to clients. Where a transaction for a Supervised Person, or an account related to a Supervised Person, is contemplated, a client's transaction is given priority. Capital Impact imposes the following guidelines and procedures on securities trading by its employees:

Capital Impact's policy is to consider the effects of various types of trading, including short term trading and trading in new issues as a potential conflict of interest. All purchases and sales of securities require pre-clearance.

Approval may be refused for any proposed trade by an employee that:

1. Involves a security that is being or has been purchased or sold by Capital Impact Advisors on behalf of any client/investor account or is being considered for purchase or sale
2. Is otherwise prohibited under any internal policies of Capital Impact Advisors (such as Capital Impact Advisors' Policy and Procedures to Detect and Prevent Insider Trading)
3. Breaches the employee's fiduciary duty to any client/investor
4. Is otherwise inconsistent with applicable law, including the Advisers Act and the Employee Retirement Income Security Act of 1974, as amended
5. Creates an appearance of impropriety

The Code of Ethics section shall address Capital Impact's specific procedures for these types of investments and trading.

From time to time, Supervised Persons of Capital Impact will have interests in securities owned by or recommended to clients. On occasion, Capital Impact purchases or sells for its advisory accounts securities of an issuer in which Capital Impact or its Supervised Persons also have a position or interest. To mitigate this conflict of interest, Capital Impact requires Access Persons to pre-clear certain personal trades as discussed above.

Item 12: Brokerage Practices

Capital Impact has discretion over client accounts and therefore has the authority to determine without consultation with its client on a transaction-by-transaction basis, the securities to be bought or sold, and the amount of securities to be bought or sold, subject to and in accordance with the investment objective and investment restrictions of the client. Capital Impact manages accounts in which Capital Impact is given authority by the client to select brokers and negotiate commissions. Capital Impact may manage accounts in which the client designates the broker-dealer and registered representative to which brokerage should be directed ("directed brokerage"). Under those circumstances, Capital Impact may not be authorized to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under those circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct Capital Impact to use a particular broker-dealer and those clients who do not. Finally, under those circumstances, if the client was referred to Capital Impact by the particular broker-dealer, Capital Impact has a potential conflict of interest in receiving future referrals from such broker-dealer. In order to mitigate this conflict, Capital Impact conducts best execution meetings in which trades and brokers are reviewed.

Research Benefits

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law.

Capital Impact Advisors seeks to obtain quality execution at favorable security prices through responsible broker-dealers, at competitive commission rates. However, higher brokerage commissions may be paid in return for brokerage as well as research and services with soft dollar commitments/arrangements. A soft dollar commitment/arrangement is viewed by Capital Impact as a commitment, understanding or agreement to pay increased commissions, or direct trades to a broker-dealer, in exchange for the receipt of research.

Capital Impact effects transactions for clients with certain broker-dealers who provide Capital Impact with research or brokerage products and services, providing lawful and appropriate assistance to Capital Impact in the performance of its investment decision-making responsibilities, subject to the Firm’s obligation to seek best execution for its client accounts. The Firm will not cause its clients to use trade commissions for purposes other than for eligible brokerage and research services. In determining whether a service or product qualifies as brokerage and research services under Section 28(e), the Firm evaluates whether the service or product provides lawful and appropriate assistance in carrying out its investment decision making responsibilities for the benefit of all client accounts. Research and brokerage products and services received from broker-dealers are supplemental to Capital Impact’s own research efforts and are be used to service all client accounts. Research services furnished by brokers through which Capital Impact effects transactions are used in servicing all of its accounts and not all such services may be used by us in connection with the accounts which paid commission to the broker providing services. Capital Impact Advisors believes that the use of research services will benefit the investment decision process and therefore all clients as well.

Research services received from broker-dealers include research tools that provide continuously updated financial news as well as historical information, such as but may not be limited to Capital IQ. The firm also receives access to portfolio management tools that assist Capital Impact Advisors in managing portfolio risk and qualified brokerage-related services that we use to facilitate client trading, such as but may not be limited to Bloomberg. Capital Impact Advisors can also receive information on securities markets, the economy, individual companies, statistical information, technical market action, pricing and appraisal services, and credit analyses. These arrangements are intended to comply with Section 28(e) and the SEC’s related interpretive guidance.

Capital Impact Advisors acquires services which have a mixed use, including but may not be limited to Bloomberg. In the case of mixed-use items, the Firm allocates a percentage of soft and hard dollars to the service acquired. This allocation is based on a good faith determination of the portion of the service that it is considered to be used in the investment decision-making process versus the portion that is not. The portion that is used for

investment decision-making is permitted to be paid for using soft dollars, while remaining portion is paid for with hard dollars. In such cases, Capital Impact Advisors has an incentive to allocate a higher soft dollar portion of the allocation based on its interest in receiving such products or services; however, the Firm has established policies and procedures to periodically review its allocation process and resulting allocations.

When Capital Impact Advisors utilizes client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to pay for the research, products or services. As a result, the Firm has an incentive to select or recommend a broker-dealer based on its interest in receiving these products or services rather than on its clients' interest in receiving most favorable execution. The Firm has adopted soft dollar policies and procedures and will only choose such broker-dealers when the execution complies with the principles of best execution.

Additionally, the Firm utilizes soft dollar benefits to service all accounts and does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

For accounts for which Capital Impact is given authority to select brokers and negotiate commission rates, Capital Impact's policy in selecting brokers is to obtain the best combination of price and execution. In determining the best combination of price and execution, Capital Impact considers the full range and quality of a broker-dealer's services including: the value of research provided, execution, clearance and settlement capabilities, commission rates, financial responsibility, length and quality of the business relationship with Capital Impact, trust and confidence in the broker-dealer, and overall responsiveness to Capital Impact.

At the request of a client or prospective client, the firm may occasionally recommend the services of a broker. The primary factors considered when recommending a broker are custodial service capabilities and competitive commission rates. In no instance are commission rates of the recommended broker higher than those obtained from other brokers for similarly traded accounts, nor are clients recommended to a specific broker to pay for research services used by Capital Impact.

Clients should be aware that the receipt of economic benefits by Capital Impact described above, in and of itself creates a potential conflict of interest and may directly or indirectly influence Capital Impact's recommendation of those service providers for custody and brokerage service. In order to mitigate such conflicts of interest, Capital Impact Advisors has adopted policies and procedures reasonably designed to ensure that the value, type, and quality of any services it receives from broker-dealers are permissible under applicable law.

Trade Aggregation

In the event that Capital Impact determines a particular security to be an appropriate investment for more than one client, a single "bunched" order may be placed for the total number of securities to be purchased. In a bunched order, shares are allocated among the individual accounts prior to being placed with the broker-dealer. Individual client accounts

participating in bunched trades are charged average brokerage commission rates and receive the average price on the execution of the trade. In the event that a bunched trade is not completed in one day, the completed amount is allocated as a percentage of each account's portion of that trade. Smaller or incomplete trades may be allocated first in an attempt to avoid excess trading cost.

Trade Errors

It is Capital Impact's policy that the utmost care is taken in making and implementing investment decisions on behalf of client accounts. If any errors occur, they are to be:

(a) Corrected as soon as practicable and in such a manner that the client incurs no loss, (b) reported to the CCO, and (c) scrutinized carefully with a view toward implementing procedures to prevent or reduce future errors, if necessary.

Item 13: Review of Accounts

Capital Impact invests money according to the separate strategies it has developed and does not develop customized portfolios tied to the needs and desires of an individual client. Our management reviews the performance of accounts invested within a single strategy on a daily basis.

Client accounts are under continuous review to maintain portfolios in line with ERShares U.S. Small Cap and ERShares U.S. Large Cap Strategies as well as Entrepreneur 30 Index and Entrepreneur Non-US Small Cap Index.

Separately managed account clients receive from us and the custodian, at a minimum, a quarterly portfolio valuation report, position inventory and activity report, and confirmation of each transaction. Separately managed account clients may also receive periodic publications we produce. Other year-to-date performance reports (for example, realized/unrealized gains/losses) are generated per client request.

Mutual fund clients receive quarterly statements of their holdings and activity directly from the administrator of the mutual fund. Mutual fund clients may also receive quarterly updates on the fund's performance and strategy from Capital Impact. Finally, mutual fund clients receive semi-annual and annual financial statements for the funds.

Exchange Traded Fund ("ETF") clients receive quarterly statements of their holdings and activity directly from the administrator of the ETF. ETF clients may also receive quarterly updates on the fund's performance and strategy from Capital Impact. Finally, ETF clients receive semi-annual and annual financial statements for the funds.

Item 14: Client Referrals and Other Compensation

Incoming Referrals

Capital Impact currently does not have any referral arrangements.

Capital Impact mutual funds and exchange traded funds purchased through a broker-dealer or other financial institution (such as a bank) may result in a payment to the salesperson or

institution for the sale of the funds and related services. These payments may create a conflict of interest by influencing the salesperson or institution to recommend the Capital Impact mutual funds over another investment.

Item 15: Custody

Capital Impact does not maintain physical custody of client assets.

Clients in mutual funds offered by Capital Impact will receive statements directly from the outside fund administrator, and should review those statements carefully.

Clients in exchange-traded funds offered by Capital Impact will receive statements directly from the outside fund administrator, and should review those statements carefully.

Clients in separately managed accounts we offer will receive statements from the custodian, as well as statements from us. Clients should compare the statements they receive from the custodian to the statements received from us.

Item 16: Investment Discretion

When providing Investment Management Services, Capital Impact Access Persons may exercise discretion when granted authority to do so by clients; and most clients grant such authority to Capital Impact. When doing so, it allows Capital Impact to select the securities to buy and sell, the amount to buy and sell when to buy and sell, and the commission rate paid, without obtaining specific consent from the client for each trade. Clients should be aware that representatives may make different recommendations and effect different trades with respect to the same securities to different advisory clients. New deposits into the ERShares U.S. Small Cap Fund, ERShares U.S. Large Cap Fund ERShares Entrepreneur 30 ETF, and ERShares Non-US Small Cap ETF (the “Funds”) may be invested differently than new deposits in separately managed accounts invested in the same strategy due to the frequency of deposits into the Funds. Commissions and execution of securities transactions implemented through the custodian/broker-dealer recommended by Capital Impact may not be better than the commissions or execution available if the client used another brokerage firm. However, Capital Impact believes that the overall level of services and support provided to the client by custodians and broker-dealers whom Capital Impact recommends outweighs the potentially lower costs that may be available from other brokerage service providers.

Capital Impact uses its best judgment and good faith efforts in rendering services to clients. Capital Impact cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by Capital Impact will be profitable. The client assumes all market risk involved in the investment of account assets and understands that investment decisions made are subject to various markets, currency, economic, political and business risks.

Item 17: Voting Client Securities

EntrepreneurShares Series Trust is engaged with Broadridge Financial Solutions, Inc (“Broadridge”). Broadridge serves as a proxy voting service for EntrepreneurShares Series

Trust. The following information briefly summarizes Capital Impact's policy and procedures regarding how Capital Impact votes proxies when providing advisory services to its clients.

Guiding Principles: Capital Impact's policy and procedures relating to voting proxies are designed to ensure that proxies are voted in the best interests of the clients. The policies and procedures do not apply to those situations where the client has retained voting discretion. In such cases, proxy information can be obtained directly from the broker. Furthermore, Capital Impact will cooperate with the client to ensure proxies are voted as directed by the client.

Primary Objective: In general, proxies are voted in a manner designed to maximize the value of client investments. In evaluating a particular proxy proposal, Capital Impact will take into consideration, among other things: the period of time over which the voting shares of the company are expected to be held, the size of the position, the costs involved in the proxy proposal and the existing governance documents of the affected company, as well as its management and operations. Proxy proposals that change the existing status of a company will be reviewed to evaluate the desirability of the change, and to determine the benefits to the company and its shareholders. However, Capital Impact's primary objective is always to protect and enhance the economic interests of its clients.

Generally, it is Capital Impact's policy to vote in accordance with management's recommendations.

Exceptions: When Capital Impact believes management is acting on its own behalf, instead of on behalf of the well-being of the company and its shareholders, or when Capital Impact believes that management is acting in a manner that is adverse to the rights of the company's shareholders. Capital Impact will take steps to represent the interests of its clients and, as a result may elect to vote against management's recommendations.

In situations where Capital Impact is extremely displeased with management's performance, it may withhold votes or vote against management's slate of directors and other management proposals as a means of communicating its dissatisfaction.

Other Factors Capital Impact Considers: Capital Impact recognizes that the activity or inactivity of a company with respect to matters of social, political or environmental concern may have an effect upon the economic success of the company and the value of its securities. However, Capital Impact does not consider it appropriate, or in the interests of its clients, to impose its own moral standards on others. Therefore, it normally supports management's position on matters of social, political or environmental concern, except where it believes that a different position would be in the economic interests of company shareholders.

Conflicts: In evaluating a proxy proposal, there may be instances where the interests of Capital Impact may conflict or appear to conflict with the interests of its clients. For example, Capital Impact may manage a pension plan of a company whose management is soliciting proxies and there may be a concern that Capital Impact would vote in favor of management because of its relationship with the Firm. In such situations, Capital Impact will, consistent with its duty of care and duty of loyalty, vote the securities in accordance with its pre-determined voting policy but only after the disclosing the conflict to clients and affording the clients the opportunity to direct Capital Impact in the voting of such securities

Voting Procedures: All proxy proposals are voted on an individual basis. In general, when a conflict exists, Broadridge will notify Capital Impact and Capital Impact will determine whether the proxy may be voted or whether it should be referred to the client (or another fiduciary of the client) for voting purposes. Alternatively, Capital Impact may consult directly with a client to obtain the client's consent before voting the proxies. Capital Impact will not refrain from voting proxies just because a conflict exists because Capital Impact has a fiduciary duty to take action on all proxies.

How to Obtain More Information: For additional information regarding the Firm's proxy voting policies and procedures, or to obtain a proxy voting report detailing how a proxy was voted, clients should contact us at 617-279-0045, or by email at info@ershares.com.

Item 18: Financial Information

Financial Condition

Capital Impact does not receive fees of more than \$1,200 six months or more in advance, thus, no financial statement for Capital Impact is attached. There are no financial issues that are likely to impair Capital Impact's ability to meet its contractual commitment to any client.

Business Continuity Plan

General

Capital Impact has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural and man-made disasters. Capital Impact has taken reasonable precautions with respect to electronic data survival.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Information Security

To protect your personal information from unauthorized access and use, we use security measures that are designed to comply with federal laws. These measures include, but are not limited to, computer safeguards and secured files and buildings.

Privacy Notice

The Firm and its employees will not disclose or share any nonpublic personal information relating to any of the Firm's current or former individual consumers or customers (as such terms are defined below) except as permitted by law and as set forth below:

1. upon the prior consent of the consumer or customer;
2. with the regulatory authorities and law enforcement officials who have jurisdiction over the Firm or if the Firm is required to do so by U.S. or other applicable law;

3. to protect against fraud;
4. with service providers that perform administrative or marketing services on behalf of the Firm or to the Firm's accountants, attorneys and auditors; or
5. with affiliates, provided this information does not include "creditworthiness information" which includes information on a consumer's eligibility for credit (i.e., income) and information received from consumer reporting agencies (i.e., credit history).

Customer information received by the Firm from another institution can only be used for the purpose for which it was shared and cannot be re-disclosed or re-used beyond such purpose. In addition, the Firm will not disclose to third parties' consumer account number information for any marketing purpose unless the third parties are marketing the Firm's own products or services.

All consumers and customers will be provided with a clear and conspicuous notice that sets forth the Firm's privacy policy and practices. However, as the Firm may only disclose information to affiliates and nonaffiliated third parties as permitted by law (see above), consumers are not permitted to "opt out" of these information-sharing arrangements.