

# Global Partnerships Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Global Partnerships ("GP"). If you have any questions about the contents of this brochure, please contact us at +1-206-652-8773 in Washington, USA. 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 of an investment adviser does not imply any specific level of skill or training.

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

## Item 2 – Material Changes

Global Partnerships was first registered with the SEC on June 15, 2019. Items 5, 8, 10, 11, 12, and 15 have been updated to reflect current operations and policies.

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## Item 4 – Advisory Business

Global Partnerships (“GP”), a Washington non-profit corporation, is an impact-first investment adviser whose mission is to expand opportunity for people living in poverty in developing countries around the world. Through its Funds, GP invests in partners that deliver sustainable solutions to poverty which empower impoverished people to earn a living and improve their lives. GP’s “impact-first” Fund investments are aimed at achieving high social impact, while seeking to preserve capital for Fund investors. GP’s impact-first investing is designed to achieve high social impact on four dimensions:

- Broadening Opportunity - We have a holistic understanding of poverty, so GP invests across all facets of poverty: livelihoods, education, energy, health, housing, sanitation, and water.
- Deepening Inclusion - We invest at the edge of the market, emphasizing investments that include people marginalized by depth of poverty, gender, and for geography, including poor women and the rural poor.

- Serving Millions - We believe every person matters and seek to expand opportunity for as many people as possible. GP focuses on sustainable approaches that may, over time, scale to serve millions of people living in poverty.
- Improving Lives - GP invests where evidence convinces us that impoverished people value the opportunity being delivered and are empowered by it, economically or otherwise.

GP was formed in 2002 as a Washington non-profit corporation. In 2003, the Internal Revenue Service of the United States issued its determination that GP was exempt from federal income taxation as an organization described in Section 501(c)(3). At the time of its formation in 2002, GP assumed the charitable activities and operations of a pre-existing entity called the Global Partnerships Foundation. The Global Partnerships Foundation was originally formed in 1993, and in 1994 it was recognized by the Internal Revenue Service as a Section 501(c)(3) organization classified as a private foundation.

As a Washington non-profit corporation, GP does not have any shareholders.

As of August 31, 2020, GP managed a total of approximately \$183,850,000 of assets (including drawn and undrawn-but-committed capital) on a discretionary basis on behalf of four Clients. GP provides discretionary investment advisory services to the following four privately-offered pooled investment vehicles (each a “Fund” or “Client” and collectively, the “Funds” or the “Clients”):

- Global Partnerships Social Investment Fund 5.0, LLC (“Fund 5.0”);
- Global Partnerships Social Investment Fund 6.0 LLC (“Fund 6.0”);
- Global Partnerships/Eleos Social Venture Fund, LLC (the “SVF Fund”); and
- Global Partnerships Impact-First Development Fund, LLC (the “IFDF Fund”).

Fund 5.0 makes loans to social enterprises, including microfinance institutions, cooperatives, development organizations, and other social businesses that require working capital to deliver essential products and services to households living in poverty, with each social enterprise borrower evaluated based on social impact. The geographic focus of Fund 5.0 is Latin America and the Caribbean.

Fund 6.0 makes loans to social enterprises, including microfinance institutions, cooperatives, development organizations, and other social businesses that require working capital to deliver essential products and services to households living in poverty, with each social enterprise borrower evaluated based on social impact. The geographic focus of Fund 6.0 is Sub-Saharan Africa, Latin America, and the Caribbean.

The SVF Fund makes seed and early stage investments with the intention to expand opportunity for people living in poverty, with a focus on social enterprises that seek to deliver high social impact products and services to impoverished households in Eastern Africa. The SVF Fund investments may be debt or equity, including, but not limited to, convertible debt, preferred equity, revenue- based securities, and demand dividend securities.

The IFDF Fund makes loans to social enterprises, including microfinance institutions, cooperatives, development organizations and other social businesses that require working capital to deliver essential products and services to households living in poverty, with each social enterprise borrower evaluated based on social impact. The geographic focus of the IFDF Fund is Sub-Saharan Africa, Latin America, and the Caribbean. The IFDF Fund may also invest up to 10% of its capital in Asia, subject to certain limitations on the type of investee.

GP wholly-owns, and is the sole equity holder of, GP Fund Management, LLC. GP also wholly-owns, and is the sole equity holder of, each of the Funds. GP Fund Management, LLC has entered into a Management Agreement with each of the Funds. GP Fund Management, LLC has also entered into an Investment Advisory Services Agreement with GP, pursuant to which GP Fund Management, LLC has delegated responsibility for providing advisory services to the funds to GP. Personnel providing the advisory services to the Funds are employees of GP.

There are two investment committees of GP that make investment decisions on behalf of the Board of Directors of GP with respect to investments by the Funds: the Investment Committee of the Board of Directors makes decisions with respect to investments by Fund 5.0, Fund 6.0, and the IFDF Fund; and the Social Venture Committee makes decisions with respect to investments by the SVF Fund. In each case, personnel of GP prepare the materials and make recommendations to the committees.

## **Item 5 – Fees and Compensation**

### **Fund 5.0**

For Fund 5.0, GP charges this Client an Initial Management Fee and an ongoing Management Fee as follows: The Initial Management Fee assessed is 1.5% of the capital called by Fund 5.0, in each case called pursuant to a loan agreement between Fund 5.0 and an investor, with such fee charged to Fund 5.0 at the time such capital is called. Additionally, the ongoing Management Fee charged to Fund 5.0 is equal to 0.375% of total value of Fund 5.0's contributed outstanding capital each quarter (for a total of 1.5% annually), assessed quarterly in arrears.

GP is the only equity holder in Fund 5.0. Investors enter into loan agreements with Fund 5.0 pursuant to which Fund 5.0 issues notes obligating Fund 5.0 to repay such notes with a fixed interest rate out of any available proceeds at the applicable maturity date of such notes. Notes are issued with varying maturity dates and varying fixed interest rates, as negotiated with the investor. To the extent there are funds available at the maturity date of notes held by investors in Fund 5.0, notes with earlier maturity dates will be repaid in advance of those with later maturity dates, and it is possible that funds will be depleted by paying the earlier-maturing notes and not be available to pay the notes with later maturity dates.

If at the time of maturity of a particular note, there are not adequate cash proceeds to repay all interest and principal due to all notes due at such time, first interest would be paid on a pro rata

basis among the amounts then due and then principal of such notes would be repaid on a pro rata basis among the amounts then due out of funds available.

If at the end of the life of Fund 5.0, there are proceeds in Fund 5.0 in excess of the aggregate principal and interest owed by Fund 5.0 to all noteholders, following repayment of both principal and interest with respect to all outstanding noteholders, such excess would be distributed to GP on account of its equity investment in Fund 5.0. As this potential excess would exist only if Fund 5.0 returned principal and interest to all investors and still had remaining proceeds, it could be deemed a performance-based payment to GP.

For a more complete description of specific fund fees and expenses for Fund 5.0, please refer to the relevant offering documents.

### **Fund 6.0**

For Fund 6.0, GP charges this Client an Initial Management Fee and an ongoing Management Fee as follows: the Initial Management Fee assessed is 1.5% of the capital called by Fund 6.0, in each case called pursuant to a loan agreement between Fund 6.0 and an investor, with such fee charged to Fund 6.0 at the time such capital is called. Additionally, the ongoing Management Fee charged to Fund 6.0 is equal to 0.5% of total value of Fund 6.0's contributed outstanding capital each quarter (for a total of 2% annually), payable quarterly in arrears.

GP is the only equity holder in Fund 6.0. Investors enter into loan agreements with Fund 6.0 pursuant to which Fund 6.0 issues notes obligating Fund 6.0 to repay such notes with a fixed interest rate out of any available proceeds at the applicable maturity date of such notes. Notes are issued with varying maturity dates and varying fixed interest rates, as negotiated with the investor. To the extent there are funds available at the maturity date of notes held by investors in Fund 6.0, notes with earlier maturity dates will be repaid in advance of those with later maturity dates, and it is possible that funds will be depleted by paying the earlier-maturing notes and not be available to pay the notes with later maturity dates.

If at the time of maturity of a particular note, there are not adequate cash proceeds to repay all interest and principal due to all notes due at such time, first interest would be paid on a pro rata basis among the amounts then due and, with any remaining funds, then principal of such notes would be repaid on a pro rata basis among the amounts then due out of funds available.

If at the end of the life of Fund 6.0, there are proceeds in Fund 6.0 in excess of the aggregate principal and interest owed by Fund 6.0 to all noteholders, following repayment of both principal and interest with respect to all outstanding noteholders, such excess would be distributed to GP on account of its equity investment in Fund 6.0. As this potential excess would exist only if Fund 6.0 returned principal and interest to all investors and still had remaining proceeds, it could be deemed a performance-based payment to GP.

For a more complete description of specific fund fees and expenses for Fund 6.0, please refer to the relevant offering documents.

### **The SVF Fund**

GP does not charge any management fees to the SVF Fund. GP is the only equity holder in the SVF Fund. Investors enter into loan agreements with the SVF Fund pursuant to which the SVF Fund issues notes obligating the SVF Fund to repay such notes with interest out of any available proceeds at the applicable maturity date of such notes. All of the notes issued by the SVF Fund mature on the same date. If at the time of the maturity date of the SVF Fund notes, there are not adequate cash proceeds to repay all interest and principal due to all notes due at such time, first interest would be paid on a pro rata basis among the amounts then due and, with any remaining funds, then principal of such notes would be repaid on a pro rata basis among the amounts then due out of funds available. If there are proceeds in the SVF Fund in excess of the aggregate principal and interest owed by the SVF Fund to all noteholders, following repayment of all principal and interest owed with respect to all outstanding noteholders, such excess would be distributed to GP on account of its equity investment in the SVF Fund. As this potential excess would exist only if the SVF Fund returned principal and interest to all investors and still had remaining proceeds, it could be deemed a performance-based payment to GP.

For a more complete description of specific fund fees and expenses for the SVF Fund, please refer to the relevant offering documents.

### **IFDF Fund**

For the IFDF Fund, GP charges this Client a Management Fee equal to 0.5% of total value of the Fund's contributed outstanding capital each quarter (for a total of 2% annually), payable quarterly in arrears. Investors enter into loan agreements with the IFDF Fund pursuant to which the IFDF Fund issues notes obligating the IFDF Fund to repay such notes with a fixed interest rate out of any available proceeds at the applicable maturity date of such notes. Notes are issued with maturity dates of September 2029, and have a fixed interest rate, as negotiated with the investor. Such loans have 4 semi-annual repayment dates commencing in March 2028. If, at the time of the repayment date of a particular note, there are not adequate cash proceeds to repay the principal due to all notes due at such time, principal would be paid on a pro rata basis among the amounts then due.

Following the repayment of all principal due to noteholders of the IFDF Fund, the IFDF Fund will pay to GP an amount equal to the aggregate equity investment in the IFDF Fund made by GP from the proceeds of limited recourse notes issued by GP (and not by the IFDF Fund), until the aggregate principal of such limited recourse notes has been paid in full. If funds remain in the IFDF Fund following payment to GP of the amount of the aggregate principal of the limited recourse notes issued by GP, the IFDF Fund will pay accrued interest to the IFDF Fund noteholders on a pro rata basis. Following payment of such aggregate IFDF Fund noteholder interest in full, if funds remain in the IFDF Fund, the IFDF Fund will make distributions to GP on account of the equity investment in the IFDF Fund made by GP from the proceeds of limited recourse notes issued by GP, in an amount of accrued interest on such limited recourse notes, until the aggregate accrued interest payable in respect of the limited recourse notes has been paid in full, with such distributions to be used by GP to repay to the limited recourse noteholders such interest payments on a pro rata basis.

Following all the above-described payments, if there are proceeds remaining in the IFDF Fund, such excess would be distributed to GP on account of its equity investment in the IFDF Fund. As this potential excess would exist only if the IFDF Fund returned principal and interest to all investors and still had remaining proceeds, it could be deemed a performance-based payment to GP.

For a more complete description of specific fund fees and expenses for the IFDF Fund, please refer to the relevant offering documents.

#### **Fees and Compensation - General**

All fees are negotiated with the Clients on a case-by-case basis. The level of the negotiated fee may be based upon a number of factors including, but not limited to, the type and size of the Fund; the extent of services to be performed; the complexity of originating and executing on desired assets; competitive factors; the Client's investment objectives; and philanthropic donations to offset some of the Fund's expenses.

GP earns much of its revenue from philanthropic donations and grants. Its remaining earnings are from the receipt of management fees, interest income, and grant funding. In the past, GP has had earnings from the equity allocation of the proceeds remaining in a fund after noteholders have been repaid in full, and as indicated above, it may have such earnings in the future from the Funds. In the past, GP has also earned some revenue from trips with donors or potential donors to Latin America or Africa. It may have such earnings in the future.

GP does not buy or sell securities as a broker and does not receive any compensation for securities transactions in any Client account, other than the management fees described above.

The Funds incur various fees and expenses and pay such fees directly, or reimburse GP if GP pays such expenses on behalf of the Fund. GP is reimbursed by the Funds for certain organizational and operational expenses paid by GP on behalf of a Fund, including professional fees, promotion and development expenses, insurance premiums, transactional legal fees, registration fees, bank fees, fees related to enforcement of a Fund's rights pursuant to an investment (including in the case of default by a borrower or investee), and other fees and expenses related to the investments by the Funds. GP is also reimbursed for the cost of travel and other expenses related to due diligence visits or monitoring visits with respect to investments or potential investments by a Fund. Additionally, the Funds may pay (or reimburse GP if it pays) certain fees to certain development finance institution lenders in connection with the loan agreements between any such lender and a Fund, including commitment fees, maintenance fees, or amendment fees.

For a more complete description of specific fund fees and expenses, please refer to the relevant offering documents.

### **Side Letters or Non-Standard Loan Agreements**

A prospective investor in one of the Funds may request a side letter arrangement or non-standard form of loan agreement regarding an investment in one of the Funds. These are typically requested by development finance institutions or large charitable foundations but may also be requested by other investors. Such side letters or agreements may provide for various terms that differ from those described in the Fund's private placement memorandum. Terms addressed in side letters or non-standard loan agreements may include, but are not limited to:

- Tailored geographic focus;
- Tailored investment purposes;
- Most favored nation status;
- Additional reporting requirements;
- The right to review and/or approve changes to loan documentation used with Client investees;
- In certain circumstances, the right to review and/or approve changes to loan terms with existing Client investees;
- Immediate notification of certain material events;
- Reduced fees;
- Special rights upon default;
- Better liquidity terms;
- Better transferability provisions;
- Restrictions on use of their funds;
- Additional transparency regarding investments and holdings;
- Fees related to the loan being made; and
- More frequent or detailed reporting.

Some of the terms included in side letters or non-standard loan agreements may have the effect of limiting or restricting the relevant Fund's investing opportunities. By way of example, a requirement to hedge a Fund's loans made in non-U.S. currency may have the effect of limiting some investment opportunities as hedging may be unavailable at reasonable pricing for a particular currency at any given time, limiting a Fund's ability to make such potential investment. The requirement to hedge such loans could also increase risk to the Fund in the event of default by the borrower. As an additional example, geographic investing limitations or requirements may also have the effect of limiting investment opportunities for a Fund.

All side letter agreements must be approved in writing by the Chief Compliance Officer of GP.

GP will not enter into side letters that are prohibited under a Fund's constitutional documents and only as disclosed in the relevant Fund's offering documents or this Part 2 of GP's Form ADV filing. GP may consult with outside counsel to determine whether a side letter is permissible, requires additional disclosure or the terms of which should be offered to other investors.



## **Item 6 – Performance-Based Fees and Side-by-Side Management**

As GP is the sole equity holder in each of the Funds, if at the end of a particular Fund, there are proceeds in the Fund in excess of the aggregate principal and interest owed by the Fund to all noteholders, following repayment of both principal and interest with respect to all outstanding noteholders, such excess would be distributed to GP on account of its equity investment in the Fund. As this potential excess would exist only if the Fund returned principal and interest to all investors and still had remaining proceeds, it could be deemed a performance-based payment to GP.

## **Item 7 – Types of Clients**

GP provides discretionary investment advisory services to pooled investment vehicles, the Funds. Investors in the Funds may include high net worth individuals, family offices, banking or thrift institutions, investment companies (including mutual funds), charitable organizations, trusts and estates, donor-advised funds, corporations and other business entities, development finance institutions, as well as federal government agencies. Investors in the Funds are “accredited investors” (as defined in the rules promulgated under the U.S. Securities Act of 1933, as amended (the “Securities Act”)). GP does not provide investment advisory services to separately managed accounts.

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

GP has a mission to expand opportunity for people living in poverty in developing countries around the world. Each of the Funds is managed with that mission in mind. Social impact is taken into consideration during the investment process for each Client and there may be periodic monitoring by GP of an investee once an investment has been made.

Investment in any of the Funds is speculative and entails a high degree of risk since the Funds may not achieve their investment objectives and an investor could suffer a substantial or complete loss of their investment.

The Funds issue notes to investors who are “accredited investors” as defined in the Securities Act.

As with any investment, there is no guarantee that a Fund will achieve its investment objective or that the strategies pursued, and methods utilized by, GP will be successful under all or any market conditions. Past performance is no guarantee of future performance. All investments involve risks, including the risk of possible loss of principal, and Clients should be prepared to bear such risks. This list details various risks identified at the time of the issue of this document, however, not all possible risks are described below. Risks may arise in the future which could not have been anticipated in advance.

All investors in the Funds are issued debt instruments, in the form of loan agreements or promissory notes, and each has a fixed interest rate and fixed maturity. If the applicable Fund does not earn enough to repay such notes in full (principal and interest) and in a timely manner, an investor in the applicable Fund may lose some or all of its investment.

#### **Fund 5.0**

Fund 5.0 invests in debt assets. Such debt assets typically take the form of senior unsecured loans but may also include senior secured loans. Debt exposures generally range from 1- to 4-year maturities. The geographic focus of Fund 5.0 is Latin America and the Caribbean.

Because the notes issued by Fund 5.0 have varying maturity dates, it is contemplated that the notes issued with shorter maturity dates will receive principal and interest payments (if adequate funds are available) prior to notes with later maturity dates. If there were not adequate funds available at the maturity date of the final notes, such notes might not be paid in full.

#### **Fund 6.0**

Fund 6.0 also invests in debt assets. Such debt assets typically take the form of senior unsecured loans but may also include senior secured loans. Debt exposures range from 1- to 4-year maturities. The geographic focus of Fund 6.0 is Sub-Saharan Africa, Latin America, and the Caribbean.

Because the notes issued by Fund 6.0 have varying maturity dates, it is contemplated that the notes issued with shorter maturity dates will receive principal and interest payments (if adequate funds are available) prior to notes with later maturity dates. If there were not adequate funds available at the maturity date of the final notes, such notes might not be paid in full.

#### **The SVF Fund**

The SVF Fund invests in private company debt and equity assets. The SVF Fund investments may be debt or equity, including, but not limited to, convertible debt and preferred equity. Such equity assets typically are unlisted, private equity shares, as well as warrants or other instruments convertible into equity. The SVF Fund is focused on investing in global or regional social enterprises with existing or intended activity in Eastern Africa.

All investors in the SVF Fund were issued notes that mature on the same date. If on such date there are not adequate funds available to pay all notes in full with interest, such notes will be paid pro rata with the proceeds available at such time.

#### **The IFDF Fund**

The IFDF Fund invests in debt assets. Such debt assets typically take the form of senior unsecured loans but may also include senior secured loans. Debt exposures range from 1- to 4-year maturities. The geographic focus of the IFDF Fund is Sub-Saharan Africa, Latin America, and the Caribbean. The IFDF Fund may also invest up to 10% of its capital in Asia, subject to certain limitations on the type of investee.

If there were not adequate funds available at the maturity date of the IFDF Fund notes, such notes might not be paid in full. If the IFDF Fund does not earn enough to repay the notes in full and to distribute the amounts to Global Partnerships to pay the principal of limited recourse notes issued to by GP (used to purchase a portion of GP's equity in the IFDF Fund), investors in the IFDF Fund may lose some or all of their investments.

#### **Certain Material Risks for Investments in Any and All of the Funds**

Some of the material risks for investments in Fund 5.0, Fund 6.0, the IFDF Fund, and the SVF Fund are set out below:

All of the Funds invest in companies outside of the United States and located in and/or doing business in developing countries. With such non-U.S. investments, there exist economic, political, and social risks, including the risk of adverse political developments, nationalization, confiscation without fair compensation, civil unrest, or war, that do not typically exist with respect to investments in the United States. In addition, laws, regulations, and conditions in such countries may impose restrictions or risks that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Political or economic conditions, as well as legal and regulatory risks, might adversely affect an investment in such countries by one or more of the Funds.

The laws with respect to the rights of creditors and other investors in certain jurisdictions in which the Funds may invest may not be comprehensive or well developed, and the procedures for the judicial or other enforcement of such rights may be of limited effectiveness. For example, one or more of the Funds could experience significant legal difficulties and impediments in taking possession of, or otherwise in enforcing its rights with respect to, collateral. These factors may adversely affect the value and collectability of a Fund's investments in such countries.

In many cases, the Fund investments will not be backed by any collateral, liens on assets or other guarantees or security. Even if the investment is backed by collateral, it is unknown if the security interest will be enforceable under the applicable foreign laws, or, if enforceable, whether enforcement will be a practical option.

Most Fund investments are made in small entities, often recently formed. Corporate governance issues or problems are not uncommon in the types of companies in which the Funds invest. There will likely not be reliable ratings for such companies by market-targeted rating agencies.

Changes in the economic or political conditions of the country or countries of operation of an investment could have a material negative impact on the ability of Fund investees to make timely payments. If Fund Investment repayments are interrupted, then the Fund's ability to make payments on the outstanding notes may be interrupted. Accordingly, the notes are speculative and entail a high degree of risk.

The Funds invest in entities that operate in countries with political, economic, social, and business environments substantially different from, and less favorable than, the United States and other

more economically developed countries. Adverse political, economic, social, business, disease, or other developments in any of these environments may impair the Investees' ability to operate profitably. These conditions may impair their ability to function successfully in the businesses they operate or to service their obligations. Specific risks associated with the investments in developing countries include, but are not limited to:

- decline in economic growth affecting business fundamentals;
- high inflation reducing the real value of investments;
- significant fluctuations in interest rates;
- specific government actions that elevate the risk that the Investees will not be able to meet their obligations or continue to operate. This includes the imposition of foreign investment controls, exchange controls, expropriation, nationalization, confiscatory taxation, and adverse modifications to regulatory structures;
- generalized social or political instability or adverse relationships with neighboring countries;
- specific movements, whether government-related or otherwise, aimed at discouraging repayment;
- difficulty responding to the public health and economic disruption caused by the COVID-19 pandemic, or other epidemics or public health crises; and
- currency devaluations.

Accounting, auditing, and financial reporting standards and requirements in many non-U.S. developing markets may not be as stringent, consistently applied, or informative as corresponding standards and requirements in countries with more developed economies. As a result, the availability, quality and reliability of data and research (including official data) is likely to be lower than that which is used to evaluate investments in developed markets, with the attendant risk that pricing decisions may be less than optimal to the extent they are based upon inaccurate or insufficient information. There generally will be little or no publicly available information regarding the status and prospects of Investees. Many investment decisions by the GP will be dependent upon the ability of its employees and agents to obtain relevant information from non-public sources.

The management fees paid to GP by certain of the Funds do not cover GP's fully allocated cost of performing its management activities for the Funds, including sourcing, impact analysis, due diligence, financial analysis and monitoring, and servicing obligations for the Funds' investments. Rather, GP relies on additional earnings from philanthropic donations, interest income, and grant income. GP's ability to finance its due diligence and investment servicing costs in excess of the management fees will depend materially on its ability to secure external financing in the form of non-profit donations and grants. GP also relies on certain in-kind philanthropic donations such as pro bono legal or recruiting support. Economic disruption such as may be caused by the COVID-19 pandemic, or other economic disruption suffered by potential or existing donors or grantors, could negatively impact or limit GP's ability to secure future philanthropic or grant funding, or to secure pro bono assistance.

Fund Investments will be denominated in U.S. Dollars and in local currencies. It is anticipated that the principal of all local currency-denominated Fund investments will be hedged through the purchase of currency hedging products or similar hedging instruments (the “Local Currency Strategy”). If a Fund employs a Local Currency Strategy in connection with any Fund investment denominated in a local currency, such Fund may have certain obligations to the other parties participating in the Local Currency Strategy, such as the counter-party to a cross-currency swap or similar third party. The Funds will typically obtain the funds required to satisfy their obligations in connection with a Local Currency Strategy through payment of the applicable Fund investment by the relevant investee. If such investee does not make its required payments in respect of the relevant Fund investment, the Fund will not only suffer a loss from the nonpayment of the Fund investment, but may also have to fund its obligations in connection with the Local Currency Strategy from the Fund’s other assets. Although the use of a Local Currency Strategy is intended to mitigate currency risk, if the Fund suffers a loss in a Fund loan for which the Fund has employed a Local Currency Strategy, the Fund’s exposure on the Local Currency Strategy could be greater than the amount of loss suffered on the Fund investment.

Fund investments denominated in U.S. Dollars also may present currency risk. A Fund investee may operate its business primarily in non-U.S. Dollar local currencies. Therefore, if the value of the local currency falls relative to the U.S. Dollar then the value of the funds the investee will use to make Fund investment repayments will decline, the ability of the investees to make payments on the Fund investments will be adversely affected, and the return to the Fund will be adversely affected. Although some investees may use currency hedge mechanisms, such adverse effect could be material both in the context of the Fund investment to a particular investee and to the Fund, if currency events like this occur with respect to one or more investees whose Fund investments comprise a material part of the Fund’s repayment stream. The Fund’s ability to satisfy its obligations to third parties under Local Currency Strategies will depend on the Fund receiving payments from the relevant investees. If an investee does not make its payments to the Fund, the adverse effect of such nonpayment could be magnified as a result of the Fund’s financial obligations under any Local Currency Strategy. In addition, local governments may impose foreign exchange controls on, or block entirely, transactions to convert local currency to foreign currency. Such restrictions could impede the ability of Investees to repay Fund Investments in U.S. Dollars. Also, local governments could take actions to regulate, control, or otherwise inhibit the ability of investees to carry on their businesses, collect their loans, make loans, or otherwise operate. These actions might have a negative impact on the ability of any one or several Investees to repay their Fund investments or repatriate funds in order to do so

When compared to economically developed countries, the countries in which the Funds’ investees operate are poorly equipped to deal with natural disasters, terrorism, pandemics (including COVID-19), and epidemics. Such an occurrence could have a materially adverse effect on an investee’s ability to repay a loan made by one of the Funds, or to accomplish the business objectives of an equity investment by the SVF Fund. Additionally, the COVID-19 pandemic has limited travel and the movement of goods and people in many of the geographic areas in which the Funds invest. As a result, GP personnel are in many cases unable to travel to conduct due diligence

activities in person on behalf of the Funds and instead are limited to video conference, phone, email, or other means of communicating. Some Fund investees have been, and may in the future, see their businesses significantly negatively impacted due to restrictions and risks resulting from the COVID-19 pandemic.

The Funds' investments in rural areas or in agriculture-related entities create exposure to crop risk for the Funds.

With respect to the SVF Fund, the Fund's assets are being invested in the securities of a small number of issuers. As a result, the SVF Fund may be subject to greater risk and volatility than if investments had been made in the securities of a broader range of issuers. Additionally, the SVF Fund invests in convertible debt or equity in privately held, very early-stage companies. Such companies may have limited or non-existent revenue streams and may not be profitable at the time of investment, in subsequent years, or ever. Such entities may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position or to become profitable. Additional needed capital may not be available at all, or on acceptable terms. Further, the technologies and markets for such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Such companies may fail altogether or suffer a substantial decline in value.

The SVF Fund may invest in investments which may not be advantageously disposed of prior to the date that the SVF Fund will be dissolved, either by expiration of the SVF Fund's term or otherwise. Although GP will endeavor to make investments that can be disposed of prior to dissolution of the SVF Fund or that are suitable for in-kind distribution at dissolution, and there is a limited ability to extend the term of the SVF Fund, the SVF Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

## **Item 9 – Disciplinary Information**

Neither GP nor any of its employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of the company or its personnel.

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

Fund 5.0 and Fund 6.0 each have an equity stake in MFX Solutions, LLC, an affiliate of MFX Solutions, Inc. ("MFX"), and has also paid access fees to MFX Solutions, LLC in order to obtain access to local currency hedging products offered by MFX Solutions, Inc. for the Funds. Similarly, the IFDF Fund has paid an access fee to MFX Solutions, LLC in order to obtain access to local currency hedging products offered by MFX Solutions, Inc. for the IFDF Fund.

GP has selected MFX to provide such local currency hedging products to the Funds for a number of reasons, including the following:

- MFX is able to provide currency hedging products for a wide range of foreign currencies required or desired as a result of the Funds' desired investments. Many other providers do not offer hedging products for various non-U.S. currencies required by GP's Clients for some of their investments, but rather provide hedging products solely for more liquid currencies. The Funds make investments in more than 20 countries throughout parts of Latin American, the Caribbean, and Sub-Saharan Africa. Many of such countries utilize a currency that is not available to be hedged from many other providers.
- MFX is willing to offer hedging products to the Funds, at the current size and net worth of such Funds;
- MFX does not require cash collateral for each transaction/hedge from the Funds, although it does require either an equity investment or an "access fee" in an amount that varies depending on the dollar amount of hedging transactions. Such equity investment or access fee amounts were lower than the cash collateral that would be required over time by other providers with whom GP consulted. Additionally, the MFX access fees may be recovered by a Fund following termination of all of such Fund's hedging activity with MFX. As noted above, SIF 5.0 and SIF 6.0 each have an equity stake in, and have also paid access fees to, MFX Solutions, LLC in order to obtain access to the local currency hedging products offered by MFX. The IFDF Fund has paid an access fee to MFX Solutions, LLC for the same purpose;
- the actual cost/rate of the hedging products offered by MFX are not significantly more or less than other providers would charge for similar products (if available);
- MFX is willing to provide hedging products at smaller minimum transaction amounts than other providers with whom GP has consulted;
- MFX is willing to provide hedging products to the Funds for the desired length of time for a Fund's proposed investment (i.e., what is the minimum time period that can be hedged);
- the financial stability of MFX;
- the ability of MFX to handle difficult hedging transactions in a timely manner; and
- the responsiveness of MFX historically to the Fund's hedging needs.

GP will periodically evaluate the performance of its provider(s) of hedging products and services and will periodically review alternative providers.

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

### **Participation in Client Transactions and Conflicts of Interest**

#### **A. Generally**

As an investment adviser, GP may face unavoidable potential conflicts with the interests of its Clients. As a fiduciary, GP is obligated to treat each and all of its Clients fairly and to disclose all material conflicts of interest. As previously described, GP provides investment advisory services to a number of Clients that invest in similar investments or sectors. Accordingly, GP and its affiliates may experience conflicts between or among Clients. GP may, either directly or through one or more affiliates, maintain other relationships with Fund investees and with other entities that make loans or grants to, or invest in, social enterprises. These relationships may result in the commitment of substantial resources by GP and/or its affiliates and may create conflicts of interest from time to time, particularly if there are defaults, insufficient payments or workout situations involving the investees or other recipients of loans, grants or investments.

GP and its affiliates, Board members, or other related parties may be investors in one or more Funds. Many of the members of the GP Board of Directors have invested in one or more of the Funds, and many are also philanthropic donors to GP. GP is the sole equity holder of each of the Funds and will simultaneously manage one or more Funds that are similar. Managerial and financial assets will be committed to each of the Funds, and to potential future funds. As a result, conflicts of interest may arise, including in allocating financial resources and management time, services and functions among the Funds that the Fund Team manages, and the commitment of any such resources may conflict with the ability to provide operational or financial resources to the one or more of the Funds.

GP may from time to time be presented with investment opportunities falling within the objectives of more than one Fund. The Fund Team may choose to make a loan opportunity available to Fund 5.0, Fund 6.0, to the IFDF Fund, or to make such opportunity available to just one of the Funds, after evaluating one or more factors that may include the contractual limitations on the investments of a Client, the level of social impact, the geographic location, the existing investments within a Fund, desired diversification, concentration with an existing or planned Fund borrower, geographic concentration, sector concentration, potential pricing, a Fund's available cash, and the timing of a Fund's liquidity needs. There may also be opportunity for one or more of Fund 5.0, Fund 6.0 and/or the IFDF Fund to lend money to an entity that has received convertible debt or equity funding from the SVF Fund, or an opportunity for the SVF Fund to invest in equity or convertible debt in an entity that has a loan outstanding from one or more of Fund 5.0, Fund 6.0 and/or the IFDF Fund.

Members of GP's investment committees, or members of its Board of Directors have invested, in the past, and may in the future invest, in one or more Funds that GP advises. Situations may arise where investees of one or more such Funds default on their obligations in whole or in part, or



otherwise are unable to meet their obligations to such Fund(s). This presents a potential conflict of interest for such affiliates of GP. For example, a partially defaulting party may have an outstanding obligation to two Funds advised by GP, and an investment committee member may be invested in only one such Fund. GP expects to resolve any such conflict in a manner which is fair and equitable to the funds involved taking into consideration the facts and circumstances at the time.

In managing its Client's portfolio investments, GP does not engage in principal or agency cross transactions.

GP monitors and addresses conflicts of interest in a manner consistent with its fiduciary duty to Clients and in accordance with all relevant offering documents of its Funds.

More than one Client may invest in debt in an investee. Additionally, one or more Clients may invest in equity in an investee. Clients also may hold or make investments in the same investee that differ in terms of price, maturity (in the case of debt), security/collateral or other material respects. Additionally, different Clients may invest in debt and in equity in the same investee, causing such Clients to have different seniority in the investee's capital structure. This may create a potential conflict between the interests of those Clients. For example, an issuer experiencing financial difficulties may be unable (or in the case of a restructuring prior to bankruptcy, may be expected to be unable) to satisfy the claims of all classes of its creditors and security holders. GP monitors and addresses conflicts of interest in a manner consistent with its fiduciary duty to Clients and in accordance with all relevant offering documents of its Funds.

On occasion, as a result of factors such as concentration in a particular geography or a Fund's cash position, one debt Fund may desire to transfer an outstanding loan or loan commitment to another debt Fund that desires to purchase such loan, creating a potential conflict of interest. In such circumstances, the transaction must meet the ordinary credit and social impact standards for a new transaction for the transferee Fund, meet any applicable legal requirements, be disclosed to the applicable Investment Committee, and be fair and in the best interests of each Fund.

#### **B. Resolutions of Conflicts**

GP recognizes that it has an obligation to identify, monitor, and, where appropriate, seek to mitigate or eliminate potential conflicts of interest that might interfere with performance of GP's fiduciary duties to Clients. GP has established restrictions, procedures, and disclosures designed to monitor, identify, and address conflicts of interest.

GP discloses any potential or existing conflicts to the applicable investment committee in advance of making a Fund investment that raises a conflict. For a Fund to enter into a transaction with another Fund, such as transferring a loan from one Fund to another, the transaction must meet the ordinary credit standards for a new transaction for the transferee Fund. Additionally, if the SVF Fund has an existing equity position in an investee, such position will be disclosed to the Investment Committee for the debt funds before any debt Fund offers a debt investment to such investee.

GP or its affiliates, from time to time, may invest in a Client or alongside a Client or otherwise provide debt or acquire equity interests in Investees of one or more Clients. GP would follow its ordinary conflicts procedures, including full disclosure, in the event of such a proposed transaction.

Any exceptions to GP's conflicts procedures must be approved in writing by the Chief Compliance Officer or their designee. Additionally, GP requires all access persons to report their personal investment activities in accordance with the policies and procedures set forth in its Code of Ethics.

### **C. Code of Ethics**

Consistent with Rule 204A-1 under the Adviser's Act, GP has adopted a Code of Ethics (the "Code") designed to prevent its employees from engaging in any act, practice or course of business that would constitute a manipulative practice or defraud or mislead any of its Clients.

GP conducts its business with high standards of honesty, integrity, and business practice. Each Supervised Person is personally responsible for conducting himself or herself to these standards. In addition, each Supervised Person is expected to treat other Supervised Persons, business counterparties, and all other persons having business dealings with GP with courtesy, fairness, and respect at all times.

The Code applies to directors and officers of GP (or other persons occupying a similar status or performing similar functions), employees of GP, and persons who, in the course of their regular functions or duties, participate in the process of purchasing or selling instruments or investments, or participate in making recommendations or obtaining information with respect to the purchase or sale of instruments or investments, on behalf of any Clients, including investment funds, and are subject to GP's supervision or control (collectively "Supervised Persons"). Supervised Persons must adhere to the standards of the Code and provide initial and annual certifications of compliance with the Code as well as acknowledgement of receipt of any amendments to the code.

In the event a Supervised Person fails to comply with the provisions of the Code or applicable securities laws, the Chief Compliance Officer may impose sanctions, including but not limited to a warning, fines, disgorgement, suspension, demotion, or dismissal.

Upon request, GP will provide a copy of its Code to any Client or prospective Client.

## **Item 12 – Brokerage Practices**

### **General**

Clients invest in debt and equity assets directly, without the use of broker-dealers. Clients utilize a third-party currency hedging product provider, MFX, as discussed in Item 10 above.

**Research and Other Soft Dollar Benefits**

In terms of soft dollars, GP does not currently expect that it will use commission or “soft” dollars to pay for research products or services, given that the focus of GP’s investment program does not incorporate to a significant extent the types of securities that generate “soft” dollars.

**Allocation of Investment Opportunities and Aggregation of Orders**

GP endeavors at all times to ensure that allocations of investment opportunities are fair and equitable to all Clients eligible to participate in each such investment opportunity. Where multiple Clients make the same investment, GP ensures that it treats each Client fairly and does not favor or disfavor any Client in its management of such investment.

GP evaluates investment opportunities based upon the investment criteria for each of the Clients, including the geographic focus of the Client, the social impact of the potential investee, the investment focus of the Client, the existing exposure of the Client to a particular geography, the existing exposure of the Client to a particular sector, the existing exposure of the Client to a particular borrower or investee, the goal investment return parameters of the Client, the available cash resources of the Client, and the timing of the Client’s liquidity needs. GP endeavors to make fair allocations among Clients in compliance with the relevant Client offering documents.

When GP has determined that an investment opportunity is appropriate for multiple clients at or near the same time, GP may, in its sole discretion, aggregate client orders for the purchase or sale of the identical securities (although not necessarily in the same amount) at or near the same time, with the same broker-dealer, or with no broker if purchasing direct from the investee. GP will generally follow the guidelines set forth below in aggregating client orders for identical securities (whether or not using a broker-dealer), including any orders placed for private investment funds:

- GP will not aggregate transactions unless it believes (as determined in good faith at the time the order is placed) that aggregation is consistent with its duty to seek best execution for its clients and is consistent with the terms of GP’s investment advisory agreement with each Client for which trades are being aggregated;
- No investment advisory Client, including those Clients in which GP or persons associated with GP have a direct or indirect beneficial interest, will be favored over any other investment advisory Client other than as permitted under this policy;
- Transaction costs attributable to multiple Clients will be allocated based upon the portion of the expense attributable to each Client (as determined in good faith by GP). Such allocation may be equal, such as in the case of expenses that would be incurred by one Client but are shared among multiple Clients participating in an investment (such as legal fees to draft a single contract used by both Clients), or where determined to be more equitable to the Clients, allocated pro rata based on each client's participation in an aggregated order; and
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the aggregated order, or, if the order is partially filled, it will be allocated pro rata based on the aggregated order.

### **Serving on Boards of Directors of Investees of Clients**

It is the policy of GP that its personnel will not serve on the board of directors of an investee of a debt fund Client (Fund 5.0, Fund 6.0, or the IFDF Fund). GP personnel may serve on the board of directors of a Fund investee for the SVF Fund. As of August 31, 2020, no GP personnel serve on a board of directors of a Fund investee, but it is anticipated that GP personnel will join one or more boards of investees of the SVF Fund in the future. If a GP employee serves on the board of directors of a Fund investee, he or she will refrain from voting as a director with respect to potential investment by any GP Client in such investee. GP personnel may, and occasionally do, serve as non-voting observers to the boards of directors of debt or equity fund Client investees.

### **Item 13 – Review of Accounts**

GP reviews all Client accounts on an ongoing basis and provides reports to Clients regarding Fund performance. These reviews include, but are not limited to, monitoring transactions and underlying investments in the Client accounts. Reports generated from such reviews may be made available to underlying investors in the Funds.

Client accounts are audited on an annual basis and the audited financial statements are provided to all investors.

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

GP does not currently, and does not intend to, enter into arrangements with solicitors whereby solicitors refer potential investors to GP in exchange for a referral fee.

### **Item 15 – Custody**

All Client funds and securities are held in custody by qualified custodians, such as unaffiliated broker-dealers or banks, except for privately offered securities that fall within the privately offered securities exception pursuant to Rule 206(4)-(2)(b)(2). The Funds' investors do not receive account statements. Instead, in reliance on the "audited funds exception," the Funds obtain an annual audit and the audited financial statements are distributed to each Fund investor. The audited financial statements are prepared by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the engagement period, and as of each calendar year-end, by the Public Company Accounting Oversight Board, in accordance with its rules. Such audited financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). Audited financial statements are distributed to the Clients and to the underlying Fund investors within 120 days of the Fund's fiscal year end.

### **Item 16 – Investment Discretion**

GP Fund Management, LLC, a wholly owned subsidiary of GP, is appointed by each of the Clients as their investment manager with discretion to invest each Client's assets on behalf of such Client.

GP Fund Management, LLC has appointed GP as the investment manager for each of the Clients, together with discretion to invest each Client's assets on behalf of such Client and such authority is delegated in the investment management agreements of each applicable Client. Thus, in such cases GP does not require the consent of Clients to determine what assets it, as investment manager, is buying or selling on behalf of its Clients, the date or time at which such transaction is executed, the broker or dealer or other entity selected to execute the transaction, or the price at which such transaction is executed. GP currently advises each Fund on a discretionary basis. Accordingly, GP has the authority to select any broker or dealer or other entity needed to effect Client transactions.

## **Item 17 – Voting Client Securities**

The SVF Fund acquires equity securities that from time to time require GP to vote proxies on its behalf. GP's guidelines are to vote such proxies in the best interest of the SVF Fund. A proxy that is received by GP will be voted for a Client when voting would be in the best interest of such Client, as determined by GP in its discretion. If there is a potential conflict of interest between GP and a Client with regards to voting such Client's securities, GP will follow its conflict of interest procedures as described in Item 11 of this Form ADV Part 2A.

In order to satisfy GP's compliance obligations with regards to proxies, GP's policy is to vote proxy proposals, amendments, consents or resolutions relating to Client securities, including interests in private investment funds, if any, in a manner that serves the best interests of the Funds. GP, in its discretion, determines what is in the best interests of the Funds by taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, GP may refrain from voting proxies where it believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the Funds. Clients may obtain a copy of GP's proxy voting policies and procedures upon request.

## **Item 18 – Financial Information**

GP does not require or solicit prepayment of fees.

GP has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.