



# CapShift Advisors LLC

## Firm Brochure Part 2A of Form ADV

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January 12, 2021

This Brochure provides information about the qualifications and business practices of CapShift Advisors LLC. If you have any questions about the contents of this Brochure, please contact Laurie Hadick at 617-249-6740. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

CapShift Advisors LLC ("CapShift Advisors") is registered as an investment Advisor with the United States Securities and Exchange Commission ("SEC") under the Investment Advisors Act of 1940 (the "Advisors Act"). Registration as an Investment Advisor with the SEC does not imply a certain level of skill or training.

## **Item 2: Material Changes**

This Brochure was last updated on January 12, 2021. While there have been no material changes, the Brochure reflects certain routine updates made throughout clarity and consistency.

The *Material Changes* section of the Brochure will be updated annually or sooner if a material change(s) occurs to this initial Form ADV Part 2A (the “Brochure”) and any subsequent release of this Brochure.

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

### Item 3: Table of Contents

Item 2: Material Changes .....	2
Item 3: Table of Contents.....	3
Item 4: Platform and Advisory Business.....	4
Item 5: Fees and Compensation .....	6
Item 6: Performance Based Fees and Side-by-Side Management .....	7
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9: Disciplinary Information .....	12
Item 10: Other Financial Industry Activities and Affiliations .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12: Brokerage Practices .....	14
Item 13: Review of Accounts.....	14
Item 14: Client Referrals and Other Compensation.....	14
Item 15: Custody.....	15
Item 16: Investment Discretion.....	15
Item 17: Voting Client Securities.....	16
Item 18: Financial Information .....	16

## Item 4: Platform and Advisory Business

CapShift Advisors LLC (“CapShift Advisors”) is a registered investment advisor, focused on impact and sustainable investments.

Our parent company, CapShift LLC (“CapShift”), has created an impact investing platform that empowers philanthropic and financial institutions along with their clients to mobilize capital for social and environmental change. On this cloud-based software platform, CapShift maintains an extensive database of public, private, and nonprofit ventures and funds, operating globally and locally, supporting a wide range of impact themes. Our core institutional clients, Donor Advised Fund (“DAF”) providers, leverage this database to give their donors access to approved impact and sustainable investment opportunities. This donor-facing platform provides key details regarding the approved investments, allows donors to monitor their current portfolio, and allows them to recommend new impact investments.

CapShift Advisors was established to provide additional financial advisory services that leverage the CapShift platform to help mobilize capital into impact investments. These services include impact investment sourcing; operational, financial, and impact due diligence; research and analysis of funds and segments of the impact market; and discretionary investment advisory services, including separately managed client-accounts and pooled investment vehicles. CapShift Advisors brings expertise across major asset classes (public funds, private funds, and direct investments), as well as core impact themes and sectors (including environmental stewardship and conservation, economic and community development, and racial and gender equity).

CapShift and its subsidiaries is owned by its founders and leading impact investing family offices and foundations. Percentage ranges of ownership are outlined in Schedule A of CapShift Advisors’ Form ADV Part 1A.

The firm provides the following services to clients:

- CapShift software platform
- Investment research, sourcing, and diligence services
- Investment advisory services (including client-specific mandates, investment pools, *FlexDAF for Impact Program*, and separately managed thematic equity portfolios)

### CapShift software platform

CapShift offers a cloud-based technology platform that allows institutions to offer access for their clients to a set of pre-selected impact investment opportunities across asset classes, which include private equity, public equity, fixed income funds, real asset funds and separately managed accounts. The platform also supports recoverable grants to nonprofit organizations that may be returned to the donor advised fund under certain circumstances. CapShift Advisors partners with institutions that wish to show these opportunities to their clients for potential investment or grant

making.

### **Investment research, sourcing and diligence services**

CapShift Advisors provides a set of non-discretionary impact investment research and consulting services to its clients. CapShift Advisors works with a network of domain partners that have deep expertise in various impact themes to source impact investments that may be relevant to our clients. CapShift Advisors provides certain investment consulting services tailored to needs of each client, including sourcing, research, due diligence and impact reporting.

### **Investment advisory services**

CapShift Advisors also provides discretionary investment advisory services to its clients in separately managed accounts to meet client-specific mandates. CapShift Advisor's clients are mainly DAF sponsors, but may include other institutions such as foundations or family offices, as well as high net worth individuals. CapShift Advisors generally provides the following services to such accounts: impact investment management; administrative and support services; risk management; impact reporting; and other typical investment advisory services. Separately managed accounts are permitted to invest in a wide variety of securities depending on the investment mandate agreed upon with the client, generally with a focus on impact or sustainable investing. CapShift may also provide philanthropic advisory services to certain clients with a focus on recoverable grants or program-related investments.

In addition, CapShift Advisors constructs, manages, and oversees diversified investment pools primarily for DAF sponsors and foundations. These portfolios consist of diversified mutual funds, ETFs, or separately managed account strategies, focused on sustainable investing or ESG (environmental, social, and corporate governance) screened funds. CapShift Advisors selects funds for inclusion based on its evaluation of each manager and then presents these funds to the client (typically the DAF provider investment committee) for approval. These diversified portfolios allow DAF holders to allocate their accounts to a managed commingled investment vehicle that provides diversified market exposure along with liquidity for grant-making.

Through our *FlexDAF for Impact Program*, CapShift Advisors works with clients to establish and fund an account at a DAF provider that will allow them to best meet their impact investment and liquidity objectives at a competitive cost. After establishing an account at the most suitable DAF provider, clients have access to the CapShift Software Platform to access or recommend impact investment opportunities, and CapShift Advisors may support the donor and DAF provider as the investment advisor for the account.

CapShift Advisors offers clients thematic separately managed equity portfolios, focused on a specific impact objective, such as environmental stewardship, gender equity, and economic mobility. CapShift Advisors utilizes underlying ESG data to build a diversified portfolio of best in

class companies within each sector, which is weighted to minimize tracking error vs. the relevant benchmark. These separately managed portfolios can be customized to exclude sectors or companies that do not align with the client's values.

As of January 2021, CapShift Advisors managed approximately \$17,398,288.58 in regulatory assets under management on a discretionary basis, and \$13,872,762.87 on a non-discretionary basis.

## **Item 5: Fees and Compensation**

The Firm does not receive compensation from investment managers in connection with the purchase or sale of their securities. The fees we charge clients and the services we offer are described below:

### **Research, sourcing, and diligence services**

CapShift Advisors charges a fixed fee for investment sourcing, investment due diligence, and impact industry research tied to specific investment opportunities. These services can be purchased individually or as part of a retained service agreement with a wealth advisor or family office. Fees are negotiated based on the scope of services provided.

CapShift Advisors offers three tiers of diligence services for impact investments: standard, advanced, and institutional. Fees are negotiated based on the scope of the work and extent of the client relationship, and are typically paid by the DAF provider, investment advisor, or other client. Diligence fees range from \$3,000 to \$60,000, depending on the scope of the project.

### **Investment advisory services**

For both discretionary and non-discretionary accounts, including the *FlexDAF for Impact Program*, fees are charged on total assets under management (AUM), with a base fee for liquid investments and an additional fee for private illiquid investments. Fees generally range between 25bps and 120bps of AUM with fees on larger accounts negotiated separately. Client accounts will be directly charged for any DAF administrative fees and fees charged directly by the fund manager.

Investment pool clients are generally charged a fixed upfront set-up fee and an annual base fee for asset management and trading with additional fees charged based on AUM.

Investors in CapShift Advisors' thematic separately managed equity portfolios pay a fee based on average AUM, typically in arrears. Fees are negotiated based on account size and level of customization. Standard fees range between 45-60bps.

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

We do not charge performance-based fees for our non-discretionary or discretionary investment advisory services. We may, however, recommend investment managers to our clients or invest on a discretionary basis on behalf of our clients in funds that charge performance-based fees.

## **Item 7: Types of Clients**

Our clients are primarily DAF sponsors, foundations, financial advisors and family offices serving high net worth and ultra-high net worth investors. These investors are all accredited and nearly all are also Qualified Purchasers.<sup>1</sup>

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

CapShift Advisors employs various methods of analysis depending on the services it is providing.

### **CapShift Software Platform**

CapShift LLC maintains a database of over 1,000 public and private funds, direct investment opportunities, and philanthropic investment opportunities across a range of asset classes. We capture essential facts about each investment opportunity and its strategy as reported in a private offering memorandum, fund prospectus or in a data-room complemented by discussions with the management team. We categorize each opportunity based on its primary and secondary impact sectors and geographic or place-based focus which allows us to conduct analytics to identify funds that fit a specific impact goal.

### **Research, Sourcing, and Diligence Services**

In our research and sourcing services, CapShift Advisors utilizes the CapShift software platform and identifies impact investments that best align with a client's impact, financial, and liquidity goals, and provides a list of actionable investment opportunities. To produce this sourcing report, we interview our client and then set criteria to pull the most relevant funds and associated information from our database.

In our diligence services, CapShift Advisors reviews all relevant offering documents, interviews investment managers, entrepreneurs, and other useful references to produce a report that highlights the risks and opportunities for a given fund or direct investment. Our analysis may include financial projections and scenario analysis to determine potential financial outcomes. We rate each opportunity on a scale of (1 lowest quality/return potential to 5 highest quality/return potential)

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<sup>1</sup> "Accredited Investor" and "Qualified Purchaser" are defined in Rule 501 of Regulation D and Section 2(a)(51) of the Investment Company Act of 1940, respectively.

along three dimensions: operations, financial returns, and impact. Ratings are assessed based on an evaluation of peer investment opportunities in the same asset class or stage of development (in the case of direct investments in companies).

### **Discretionary and non-discretionary investment mandates**

CapShift Advisors works with our clients to identify and refine their investment objectives, risk parameters and impact objectives to determine an appropriate asset allocation designed to match our clients' financial objectives, liquidity needs, risk tolerance, and impact goals. Following a consultation with the client, we identify investment opportunities that can fit a particular mandate, managed on either a discretionary or non-discretionary basis.

Portfolios managed on a discretionary or non-discretionary basis generally include investment opportunities that have undergone a proprietary review and rating by the CapShift Advisors team, following a similar three-part rating methodology as outlined above.

CapShift Advisors maintains an active Buy List that includes funds that meet our team's quality criteria and may be included in client portfolios. To be placed on the Buy List, an investment opportunity must receive a supermajority vote in favor by the CapShift Advisors investment committee. The Buy List is reviewed regularly, but at least bi-annually. Funds that suffer from poor performance not anticipated by a fund's investment style or exposures, or those that experience a material change in management or investment process, may be placed on a Watchlist for potential removal from the Buy List.

At times, a specific client mandate may be best met by including an investment opportunity that is in the CapShift Advisors database, but not on the CapShift Advisors Buy List. In this case, the rationale for inclusion of the investment opportunity is documented, and the final portfolio must be approved by a member of the investment committee. In other instances, a client may request the purchase of a security not on the CapShift Advisors Buy List or rated by our team. In such a case, CapShift Advisors will review the investment opportunity as to its suitability for the client, note any potential risks, and determine if it fits within the client's impact investment mandate.

### **Customized separately managed thematic equity portfolios**

CapShift Advisors has created a proprietary screening methodology to rank companies according to their ESG metrics, focused on specific impact themes. Our team relies on data from third-party ESG providers and applies this data to our proprietary scoring methodology to rank companies for possible inclusion in our portfolio. Performance of the portfolio versus the benchmark is regularly monitored, with re-balancing performed to reduce tracking error while minimizing transaction costs.

### **Risks and potential conflicts of interest include, but are not limited to, the following:**

The following risk factors are not intended to be a full or complete listing of all the risks involved



in investing, and clients should engage in their own evaluation of such risks.

**Past performance not indicative of future results.** The past performance of any securities on CapShift Advisors' Buy List or otherwise recommended by CapShift Advisors is not necessarily indicative of future results. There can be no assurance that a portfolio constructed by CapShift Advisors or any individual security recommended by CapShift Advisors will generate investment returns commensurate with historical performance.

**No assurance of investment return.** There is no assurance that CapShift Advisors will be able to generate returns for its clients or investors, or that the returns will be commensurate with the risks of investing in comparable securities. There can be no assurance that projected or targeted returns will be achieved and clients should be prepared to accept a reduction in the value of all or a part of their investment program. There is the potential, depending on the nature of investments made, that an investor may lose the entirety of their investment. Risks of particular types of investments are outlined below and should be discussed prior to investment.

**Geopolitical and macro-economic risk.** The success of any investment activity is affected by multiple factors including national and international political or economic conditions and general market conditions which may affect the volatility of financial markets and interest rates. Success is also affected by the extent and timing of investor participation in the markets. Future events may impact investments in unforeseen ways. Unexpected volatility or illiquidity in the markets could cause clients to incur losses.

**Liquidity risk.** CapShift Advisors may invest or recommend investments in funds or enterprises that have gating provisions which may impose restrictions on an investor's ability to liquidate their assets. Such provisions will be disclosed by CapShift Advisors to any investor prior to a recommendation of such investment.

**Equity securities risk.** Investing in stocks bears the risks of the general macro-economic and geopolitical environment. In particular, equity securities may entail greater risk of loss and volatility than some other asset classes, such as bonds, and may include large-, medium-, and small-capitalization stocks, each of which carries its own risks and may gain or lose value in a different proportion than the stock market overall. Small- and medium-capitalization company stocks have historically been subject to greater investment risk than large-capitalization company stocks, may be less stable, more susceptible to adverse developments, and more sensitive to changing market conditions, and have more limited markets and managerial and financial resources while their stocks may be more volatile and less liquid than those of more established companies, in part due to less certain growth and dividend-yield prospects.

**Non-U.S. securities risk.** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to taxation and political, economic, or regulatory conditions in foreign countries.

**Fixed-income and debt securities risk.** Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

Investments in these types of securities will also be subject to credit risk when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities carry the risk that the securities may fluctuate more in price, and are less liquid, than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

**Alternative assets risk.** Investing in alternative assets such as hedge funds and private investments is associated with greater risk than investing in traditional marketable securities, including but not limited to illiquidity risk, manager-specific risk and valuation risk. Clients should consider the following factors in determining whether investing in alternative assets is appropriate.

**Lack of liquidity of fund assets/restricted securities risk.** Client portfolios may, at any time when permitted by the client mandate, have illiquid investments, which include restricted securities purchased directly from an issuer in a private placement with no guarantee of when such securities will be available for public resale through a registration of such securities or securities exempt from registration. Such investments may be thinly traded or not traded at all, making their purchase or sale at desired prices or in desired quantities difficult or impossible. With respect to restricted securities, unless and until registration of such securities occurs, there may be no market for the securities, the sale of any such securities may be possible only at substantial discounts, and it may be extremely difficult at times to value any such investments accurately.

**Investments in private funds risk.** Client accounts may make investments in private funds which may be hedge funds, private equity funds, or real asset funds. Investments in private funds will require the investor to bear a pro rata share of the vehicles' expenses, including management and performance fees. The performance fees charged by certain private funds may create an incentive for its manager to make investments that are riskier and/or more speculative than those it might have made in the absence of a performance fee. Furthermore, private funds are subject to specific risks, depending on the nature of the vehicle, and also may employ leverage which could amplify losses suffered by the client account when compared to unleveraged investments. Certain closed-end funds do not offer liquidity to investors and client accounts may be required to hold such investments for many years before receiving assets, if any, in return.

**Direct investments in early-stage company risk.** Investing in start-up enterprises carries significant risk of capital loss, due to factors such as market competition, failure to execute on operating plans, inability to access additional capital to grow, macro-economic downturns, regulation, and inability to attract and retain talent. In addition, there may be no means to monetize an investment in a company. Investors in early-stage companies should be prepared to lose their entire investment.

**Currency risk.** Investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar or other currencies. As a result, a client could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account.

**Volatility risk.** The prices of some of the instruments traded by a client account have been subject to periods of excessive volatility in the past, and such periods may continue. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. While volatility can create profit opportunities, it can also create the specific risk that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be comparatively low risk positions to incur significant losses. On the other hand, the lack of volatility can also result in losses for certain positions that profit from price movements.

**Insider trading risk.** In trading public securities, there are consequences for trading on insider information, and we expect that investment managers use only public information in their investment process. Investment managers, however, may be charged with misuse of confidential information, and if that were the case, the performance records of these investment managers could be misleading. Furthermore, if an investment manager or entity with which clients invest has engaged in the past or engages in the future in such misuse, clients could be exposed to losses.

**Misappropriation of assets risk.** Clients also face the risk of loss associated with the possibility of personnel of an investment manager misappropriating client securities and/or funds. When investing in certain funds, clients may not be given access to information regarding the actual investments made by the investment manager. Neither the Firm nor our clients will be able to control the activities of external fund managers or be able to monitor their investment activities on a daily basis. At any given time, clients may not know the composition of investment managers' portfolios with respect to the degrees of hedged or directional positions or the extent of concentration risk or exposure to specific markets. Similarly, clients may not learn of significant structural events, such as personnel changes, major asset withdrawals or substantial capital growth until after the fact. A lack of transparency may cause clients to incur losses as a result of reduced diversification and/or over-exposure to particular sectors, regions or individual securities.

**Other activities and relationships risk.** Certain employees of CapShift Advisors and its affiliates

will serve as members of the boards of directors of various companies and may participate in other activities outside of CapShift Advisors. Conflicts may arise as a result of such activities. CapShift maintains a strict conflict of interest policy to avoid or disclose such potential such conflicts.

## **Item 9: Disciplinary Information**

CapShift Advisors and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of CapShift Advisors' advisory business or the integrity of our management.

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

Neither CapShift Advisors nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither CapShift Advisors nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading Advisor or an associated person of the foregoing entities.

Related Persons of CapShift Advisors are registered with the SEC under the following details:

Firm Name: MissionPoint Partners LLC  
SEC File Number: 801 – 80579  
CRD: 171282

Certain management personnel are shared between CapShift Advisors and MissionPoint Partners; however CapShift Advisors believes that the time spent by these management persons on MissionPoint Partners does not impact the effectiveness of the advisory services that CapShift Advisors provides.

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

### **Code of Ethics**

CapShift Advisors has adopted a Code of Ethics pursuant to SEC Rule 204A-1 under the U.S. Investment Advisors Act of 1940, as amended (the "Advisors Act") for all Supervised Persons of CapShift Advisors. The Code of Ethics describes CapShift Advisors' standard of business conduct and its fiduciary duty to the Funds under the Advisors Act. "Supervised Persons" include (i) any

officer, director (or other person occupying a similar status or performing similar functions) or employee of the Advisor and (ii) any other person who provides investment advice on behalf of CapShift Advisors and is subject to CapShift Advisors' supervision and control.

The Code of Ethics was adopted in order to establish the standard of conduct expected of CapShift Advisors' Supervised Persons and to help ensure that CapShift Advisors' duties under the Advisors Act are met. Supervised Persons must, at all times, act in accordance with CapShift Advisors' fiduciary duty. Each Supervised Person should (i) at all times place the interests of the client before his or her own interests, (ii) act with honesty and integrity with respect to the client and investors (iii) not take inappropriate advantage of his or her position for his or her personal benefit, (iv) make full and fair disclosure of all material facts, particularly where CapShift Advisors' or Supervised Person's interests may conflict with the client and (v) have a reasonable, independent basis for his or her investment advice.

CapShift Advisors' Compliance Manual includes provisions relating to the confidentiality of information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, restrictions and reporting obligations relating to making political contributions and anti-money laundering and sanctions policies, among other matters. All employees of CapShift Advisors must submit an annual certificate of compliance for the Compliance Manual and the Code of Ethics to the Chief Compliance Officer.

In addition, CapShift Advisors has adopted a personal securities transactions policy under its Code of Ethics which forbids any Supervised Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. The Code of Ethics also requires preclearance of personal transactions in initial public offerings and limited offerings (private placements). Certain classes of securities have been designated as exempt from certain trading restrictions under the Code of Ethics, based upon a determination that exempting such securities would not materially interfere with the best interests of the clients. Subject to certain limited exceptions, Access Persons are also required by the Code of Ethics policy to report personal investment transactions to the Chief Compliance Officer on a quarterly basis; and report securities holdings to the Chief Compliance Officer on an annual basis.

Employee trading is monitored by the Chief Compliance Officer under the Code of Ethics in order to reasonably prevent and, if necessary, address conflicts of interest between CapShift Advisors, Supervised Persons, and the clients.

A copy of the Code of Ethics can be requested, free of charge, by contacting CapShift Advisors' Chief Compliance Officer.

## **Personal Financial Interests**

CapShift Advisors has adopted a conflicts of interest policy in order to address the conflicts of interest that could arise if CapShift Advisors were to recommend that a client invest in the same securities or related securities in which CapShift Advisors or a related person currently holds an investment. Under such policy, no Supervised Person may recommend to CapShift Advisors that a client make a particular investment without first disclosing his or her interest in the potential transaction (if such an interest represents a conflict of interest) to certain designated parties. In some instances, the Supervised Person must seek prior authorization from the Chief Compliance Officer to conduct a transaction with such designated person, if such an interest exists and represents a conflict of interest.

An Employee may under certain circumstances invest in securities of a Portfolio Investment of a client, subject to review (and subsequent approval) by the Chief Compliance Officer for potential conflicts of interest.

## **Item 12: Brokerage Practices**

CapShift Advisors has no broker/dealer affiliations. We are an independent investment advisory firm. We do not receive any commissions, research or other products or services in connection with our clients' brokerage transactions. For those clients where we select brokerage firms, we review the reasonableness of their fees and the reputation of the broker as part of the selection process; however, we do not receive any research or other soft dollar benefits from these relationships.

## **Item 13: Review of Accounts**

All investments are carefully reviewed for appropriateness for the client. The Portfolio Investments are reviewed on a routine basis and CapShift Advisors investment professionals meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

CapShift Advisors provides investors in discretionary accounts with quarterly performance and annual impact reports.

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

We do not compensate any person for client referrals, and we do not receive compensation from investment managers for recommending their products. In addition, we have adopted a gift policy for all employees generally prohibiting the acceptance of gifts, as described in the Code of Ethics in Item 11.

## **Item 15: Custody**

We do not provide custodial services to our clients. We are not a broker-dealer and do not typically take possession of client assets. Client assets are held at qualified custodians, which are selected by the clients themselves, or are self-custodied in the case of certain private assets.

Clients should receive at least quarterly statements from their broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients should carefully review such statements and compare such official custodial records to the account statements that we may provide. Clients are also asked to promptly notify CapShift Advisors if the custodian fails to provide statements on each account held. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies used for certain securities.

## **Item 16: Investment Discretion**

We offer discretionary and non-discretionary Investment Advisory Services. Our investment advice is tailored to meet our clients' needs and investment and impact objectives. If the client seeks discretionary investment services from CapShift Advisors, we require the client to grant our firm discretionary authority to manage the client's account. Discretionary authorization will allow us to, among other things, execute transactions on behalf of the client's account, allocate or withdraw the assets in the client's account to or from underlying managers, and rebalance the client's portfolio among mutual funds, ETFs, securities and underlying managers without the client's approval prior to each transaction. Discretionary authority is typically granted by the CapShift Advisors Agreement the client signs with our firm and the appropriate trading authorization forms. The client may limit our discretionary authority (for example, limiting the types of securities that can be purchased for the client's account) by providing our firm with the client's restrictions and guidelines in writing.

If the client enters into non-discretionary arrangements with our firm, we must obtain the client's approval prior to executing any transactions on behalf of the client's account and allocating, rebalancing and/or withdrawing account assets to or from any underlying managers. Regardless of whether the client hires us on a discretionary or nondiscretionary basis, any underlying manager(s) hired for the client's account will actively manage the client's portfolio and will assume discretionary investment authority over the client's account either as a separately managed account and/or by the client placing their assets in private investment funds or other investment vehicles managed on a discretionary basis by such underlying manager(s).

## **Item 17: Voting Client Securities**

We do not have authority to vote client securities.

At the client's request, we may offer advice regarding corporate actions and the exercise of the client's proxy voting rights. If the client owns shares of applicable securities, the client is responsible for exercising the client's right to vote as a shareholder.

In most cases, the client will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to the client by mail, unless the client has authorized our firm to contact the client by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

The underlying managers with whom the client invests may vote proxies for securities purchased on the client's behalf if authorized to do so by the client, either with respect to all proxies or with respect to specific votes on specific topics or shareholder proposals. In addition, if any assets are invested in securities the issuers of which are named in or subject to a class action lawsuit, we will not take any action or render any advice with respect to such class action lawsuit, including but not limited to, participating in such class action lawsuit.

In certain circumstances, we may partner with a third-party who shall provide analysis regarding portfolio structure but shall not be responsible for investment management in a client's account. This third-party may advise on proxy voting, amongst other topics, and may effectuate proxy votes on behalf of client, if permitted by the agreements between the client, us and the third-party. The third-party will recommend votes in the best interest of the client and provide us with records concerning its underlying analysis of such recommendation. On a no less than annual basis, the CCO will review such records to assess whether or not the voting recommendation was in the best interest of the client and document the result of such review.

## **Item 18: Financial Information**

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