

# Align Impact, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Align Impact, LLC. If you have any questions about the contents of this brochure, please contact us at 805-243-8055 or by email at [info@alignimpact.com](mailto:info@alignimpact.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*Additional information about Align Impact, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Align Impact, LLC's CRD number is: 176516.*

*Align Impact, LLC is registered as an investment adviser with the SEC. Registration as an investment adviser does not constitute an endorsement by the SEC of an investment adviser's skill or expertise, nor does it imply any level of skill or training in providing advisory services to its clients.*

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## **Item 2: Material Changes**

The following changes were made since the last annual updating amendment of Align Impact, LLC on 3/30/2020.

- Item 4 was amended to provide further details on the types of services offered.
- Item 5 was amended to provide further details on the kinds of fees charged as well as their calculation and collection.
- Item 6 was amended to provide further details on the performance-based fees collected.
- Item 10 was amended to provide further details on the selection of sub-advisers.
- Item 11 was amended to reflect current policies in the Code of Ethics, including personal trading.
- Item 12 was amended to provide further details on seeking best execution, the recommendation of certain brokers, and aggregation and allocation of orders.
- Item 13 was amended to provide updated information re: review of accounts and dissemination of reports.
- Item 15 was amended to provide clarity to custody practices.
- Item 17 was amended to provide an update of proxy voting policies.

## Item 3: Table of Contents

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Align Impact, LLC (hereinafter “Align”) is a Limited Liability Company organized in the State of Delaware. Align is an independent, impact-focused advisory firm that aims to increase the effectiveness and alignment of philanthropic grants, impact investments, and mission-related investments. Align works with families, foundations, individuals, institutions, and private funds and provides portfolio management and financial planning services.

The firm was formed in February 2015, and the principal owner is Jennifer Kenning.

### B. Types of Advisory Services

#### ***Impact Investing: Financial Planning***

Align offers impact investing strategy, wealth advisory, and financial planning services (“Impact Strategy services”) to high-net worth individuals and institutions (“Impact Strategy Clients”). Impact Strategy services may include, but is not limited to: values identification, investment risk tolerance, philanthropy strategy including selection and due diligence of donees, tax strategy and estate planning.

#### ***Impact Investing: Portfolio Management***

Align offers ongoing portfolio management services to separately managed accounts based on the individual values, goals, objectives, time horizon, and risk tolerance of each client (referred to in the plural as “Impact Retainer Clients”). As a first step, Align creates an Impact Investment Policy Statement for each client, which outlines the client’s current values and financial situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Custom values screening      |
| • Asset selection     | • Risk tolerance               |
| • Asset allocation    | • Regular portfolio monitoring |

Align evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Clients can decide whether Align will have discretionary authority of their assets under management, which allows Align to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Impact Investment Policy Statement, which is given to each client.

Based on a client’s investment objectives and strategy, Align may outsource the management of all or some of the assets in a client’s portfolio to another SEC-registered investment adviser. In such an instance, the client will sign a written sub-advisory agreement, which sets forth the specific terms governing the sub-advisory relationship, with the sub-adviser. Align conducts due diligence on all

sub-advisers used by its clients.

In addition to separately managed accounts, Align also provides portfolio management services to pooled investment vehicles ("Fund Clients"). Fund Clients include Align Impact Fund, LP; Align Impact Fund II, LP; and Abacus Sustainable Fund, LP.

### ***Impact Investing: Institutional Services***

Align helps advisory firms ("Institutional Clients") clarify their value proposition, mission statement, and services related to impact investing. Align provides Institutional Clients access to, and ongoing reporting on, its platform of best-in-class, third party managers and investment products that have undergone due diligence by its investment research team and reviewed-and-approved by its investment committee. Align can work with Institutional Clients to provide custom white labeled due diligence services for client-mandates. This service typically requires an initial engagement to clarify the criteria and is usually designed around a pre-determined plan for sourcing and decision-making as well. Align provides training and educational support through monthly or quarterly calls with Institutional Clients. Select examples of topics covered in the past include shareholder engagement, green bond issuance, faith-based investing, ESG rating methodologies, navigating Opportunity Zone, and investing in Pay for Success contracts.

#### **Services Limited to Specific Types of Investments**

Align specializes in impact investing and generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. Align may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

As part of its portfolio management services, Align will create a customized portfolio for each Impact Retainer Client based on their social values and preferences to divest from or invest more heavily in particular stocks or industries. This will include an interview session to get to know the Impact Retainer Client's specific needs and requirements as well as a plan that will be executed by Align on behalf of the client. Align may use "model portfolios" together with a specific set of recommendations for each Impact Retainer Client based on their personal restrictions, needs, and targets. Impact Retainer Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Align from properly servicing the account, or if the restrictions would require Align to deviate from its standard suite of services, Align reserves the right to end the relationship.

Align tailors its advisory services to the meet the investment strategy, risk tolerance, and goals set forth in Fund Clients' governing documents. Align does not tailor its advisory services to the individual needs to investors in Fund Clients and does not accept investor-imposed investment restrictions.

Align tailors its Impact Strategy services to meet the individual needs of its Impact Strategy Clients, who may impose restrictions on the type of securities and plans recommended.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Align does not participate in any wrap fee programs.

## **E. Assets Under Management**

As of March 1, 2021, Align had \$ 164,066,530 of regulatory assets under management on a discretionary basis and \$ 1,422,175,000 of assets under advisement on a non-discretionary basis.

# **Item 5: Fees and Compensation**

## **A. Fee Schedule and B. Payment of Fees**

### ***Impact Investing: Financial Planning***

Impact Strategy Clients pay impact strategy fees. The amount and frequency of payment is outlined in each Impact Strategy Client's engagement agreement. Typically, 50% of fees are due in advance upon engagement, but never more than six months in advance, and the remaining 50% of the financial planning fee is due upon completion of the impact strategy. If the engagement is terminated prematurely, impact strategy fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination. Fees are negotiated and generally range from \$50,000 to \$200,000, depending on complexity and the amount of assets under consideration among other factors. Fees are billed to the Impact Strategy Client and may be paid electronically or by check.

### ***Impact Investing: Portfolio Management***

Impact Retainer Clients are charged portfolio management fees ("Investing Fees") on a quarterly basis. Investing Fees are due in advance and are payable electronically or by check. The Firm allows each Impact Retainer Client to select an asset-based fee structure, a flat fee structure, or a combination of both. The selection will be encapsulated in the Impact Retainer Client's written engagement agreement. Investing Fees are negotiable. Flat fees typically range from \$80,000-\$350,000. Impact Retainer Clients whose assets (whether a portion or in its entirety) are managed by a sub-advisor will sign a written sub-advisory agreement with the sub-advisor. Align is not involved in setting sub-advisory fees or collecting them. Any fees owed to the sub-advisor are separate and distinct from the advisory fees owed to Align.

Upon termination of the Impact Retainer advisory relationship, Investing Fees paid in advance will be refunded equal to the amount of fees allocated to the number of days left in the quarter. This can be calculated by multiplying the daily rate (equal to the annual fee rate divided by 365) by the number of days left in the quarter (not including the date of termination).

The Firm provides portfolio management and investment advisory services to its Funds Clients and

is compensated by asset-based management fees ("Fund Management Fees"), which are calculated based upon a percentage of either the committed capital to or the net asset value of the Fund Client. Fund Management Fees are non-negotiable and typically range from 0.5%-1.5%, depending on the Fund Client. Additionally, Align receives performance-based fees ("Performance Fees") for the management of Align Impact Fund II, LP. Performance Fees are based upon a percentage of the net profits of the account being managed, specifically 5% carried interest above a 10% preferred return.

Fund Management Fees are typically calculated and paid either quarterly in advance or quarterly in arrears. Performance Fees are typically calculated and paid in anticipation of distributions made to investors, on either a fund-as-a-whole or deal-by-deal basis. Fund Management Fees and Performance Fees for each Fund Client are outlined in the respective private placement memoranda. The Fund Client's fund administrator will include any fund-related fees in investor capital call notices. As the capital calls are collected, the fund administrator will remit the appropriate fees to Align for its services as outlined in each Fund Client's private placement memoranda.

### ***Impact Investing: Institutional Services***

Align charges Institutional Clients a flat annual fee that ranges from \$100,000-\$400,000 for access to its platform of best-in-class, third party managers and investment products that have undergone due diligence by its investment research team and reviewed-and-approved by its investment committee. This fee is paid in advance in quarterly installments. Our add-in services, including our training and education support service and custom white labeled due diligence services, are available for additional fees, based on the complexity of such services. The additional fees are typically flat fees, with 50% of the fee due up-front and the remainder due upon completion. Institutional Clients receiving these services will receive an invoice from Align and may submit payment via ACH, check, or wire. Upon termination of service, Align will issue a refund for any pre-paid fees for services not yet provided.

#### **C. Client Responsibility for Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, ETF fees, fund administration fees, sub-adviser fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Align. Please see Item 12 of this brochure regarding broker-dealer/custodian services and fees.

#### **D. Prepayment of Fees**

Refunds for fees paid in advance will be returned within fourteen days to the client via check or return deposit back into the client's account. The amount refunded will be equal to the amount of fees allocated to the number of days left in the quarter. This can be calculated by multiplying the daily rate (equal to the annual fee rate divided by 365) by the number of days left in the quarter (not including the date of termination).

For Impact Strategy Clients, fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation for the Sale of Securities to Clients**

Neither Align nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

As outlined above, Align receives Performance Fees for the management of Align Impact Fund II, LP. Performance Fees are based upon a percentage of the net profits of the account being managed, specifically 5% carried interest above a 10% preferred return.

No other clients are charged a performance-based fee.

Align's receipt of Performance Fees with respect to Align Impact Fund II, LP may create an incentive to favor this account. However, this account's managed assets represent less than 8.5% of Align's total assets under management, thereby limiting this incentive.

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

Align generally provides advisory services to the following types of clients and investors:

- ❖❖ High-Net-Worth Individuals
- ❖❖ Charitable Organizations
- ❖❖ Corporations or Business Entities
- ❖❖ Institutions
- ❖❖ Pooled Investment Vehicles

### ***Minimum Account Size***

There is currently no minimum account size.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

Align's methods of analysis include quantitative analysis and modern portfolio theory.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### ***Investment Strategies***

Align uses long term trading, short term trading and margin transactions.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern Portfolio Theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

Align's use of margin transactions generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Selection of Sub-advisers:** Although Align will seek to select only money managers who will invest clients' assets with the highest level of integrity, Align's selection process cannot ensure that money managers will perform as desired and Align will have no control over the day-to-day operations of any of its selected money managers. Align would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Align's use of margin transactions generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private equity funds** carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Private debt direct investments** carry certain risks. Considerations include potential default, limited liquidity and the infrequent availability of independent credit ratings for private companies.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Align nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Align nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither Align nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Sub-advisers**

Based on a client's investment objectives and strategy, Align may outsource the management of all or some of the assets in a client's portfolio to another SEC-registered investment adviser. In such an instance, the client will sign a written sub-advisory agreement, which sets forth the specific terms governing the sub-advisory relationship, with the sub-adviser. Align conducts due diligence on all sub-advisers used by its clients. Align is not involved in setting sub-advisory fees or collecting them.

Any fees owed to the sub-advisor are separate and distinct from the advisory fees owed to Align. Align does not receive any compensation from sub-advisers in exchange for sub-advisory business or referrals.

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

### **A. Code of Ethics**

Align has a written Code of Ethics that covers the following areas: Insider Trading, Illegal Activities, Personal Account Trading, Prohibited Transactions, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance with Laws and Regulations, Certification of Compliance, Reporting Violations, Recordkeeping, Sanctions, Whistleblower Protections, and Training. Align's Code of Ethics is available upon request to any actual or potential client or investor. Conflict of interest situations that arise in connection with the management of the assets of clients will be handled on a case-by-case basis.

### **B. Recommendations Involving Material Financial Interests**

Align and its associated persons may have material financial interests in issuers of securities that Align may recommend for purchase or sale by clients. For example, Align may recommend investments in one or more of its Fund Clients. However, such recommendations only transpire when Align determines it is in the client's best interest and full disclosure is made to the investor.

### **C. & D. Investing in the Same Securities as Clients**

Align recognizes that the personal investment transactions of our employees demand the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our employees, it is logical, and even desirable, that there be common ownership of some securities. From time to time, Align employees may buy or sell securities for themselves that they also recommend to clients. Therefore, to recognize and deal with conflicts of interest, our firm has established procedures for transactions effected by our employees for their personal accounts. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our employees. Additionally, no employee may directly or indirectly acquire or dispose of a security on a day in which a client portfolio has a pending "buy" or "sell" order for that security of the same type as the proposed personal trade until the client's portfolio order is executed or withdrawn.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Recommend Broker-Dealers**

Align acknowledges its obligation to its clients in seeking “best execution” with respect to the execution of client securities transactions. Align considers both quantitative and qualitative factors when evaluating the execution quality of a broker-dealer. For the most part, Align will seek to recommend to clients broker-dealers with the best combination of brokerage expenses and execution quality of transactions, taking into account the full range of services provided. Align is not required to recommend the broker-dealer that charges the lowest transaction cost, even if that broker-dealer provides execution quality comparable to other broker-dealers. In evaluating “execution quality,” factors such as clearance, settlement, error correction capabilities, reliability, responsiveness, liquidity, financial stability, access to support staff, and availability of securities will be considered. Currently, Align recommends the use of TD Ameritrade Institutional, a division of TD Ameritrade, Inc., and Fidelity Institutional. Align conducts a best execution review of brokers used on an annual basis.

### ***1. Research and Other Soft-Dollar Benefits***

While Align has no formal soft dollars program in which soft dollars are used to pay for third party services, Align may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions (“soft dollar benefits”). Align may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and Align does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Align benefits by not having to produce or pay for the research, products or services, and Align will not have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Align’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

Align receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Directed Brokerage***

While we recommend the use of TD Ameritrade Institutional and Fidelity Institutional, Align will consider the use of other broker-dealers upon client request on a case-by-case basis. Transactions through client-directed brokerage may not result in most favorable execution of client transactions; moreover, client-directed brokerage may cost clients more money. Client-directed brokerage may result in higher commissions, which may result in a price disparity between directed and non-directed accounts. Additionally, trades executed in directed accounts cannot be aggregated with non-directed accounts, which may lead to less favorable pricing, especially for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregation of Trades**

Align attempts to aggregate client orders whenever possible, as the aggregation of orders may result in a more favorable net price and/or more efficient execution than if each order were placed

separately. However, there may be instances in which order aggregation results in a less favorable transaction than might have been obtained for a client by trading separately. Moreover, when orders are not aggregated, there may be circumstances when purchases or sales of portfolio securities for one or more clients will have an adverse effect on others.

Align permits trade aggregation only if the securities order is:

- in the best interests of each client participating in the order;
- consistent with the Firm's duty to obtain best execution; and
- consistent with the terms of the investment management agreement of each participating client.

Trades are allocated in a fair and equitable manner.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All portfolio management accounts are reviewed at least quarterly by the client's Lead Advisor with regard to clients' respective investment policies and risk tolerance levels. All Lead Advisors are supervised by the Director of Client Service and the Chief Executive Officer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by the client's Lead Advisor. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, Align's services will generally conclude upon delivery of the financial plan, unless the client chooses to engage the Firm for portfolio management services under a separate investment advisory agreement.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Impact Retainer Clients will receive a monthly report from their custodian detailing their account, including assets held, asset value, and calculation of fees. From time to time, Impact Retainer Clients will also receive an impact report from Align regarding their investments. Investors in Fund Clients will receive quarterly reports from the fund administrator. Investors in Fund Clients will receive an impact report from Align on an annual basis.

Impact Strategy Clients will receive their financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Align does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Align's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

Align may enter into written arrangements with third parties to act as solicitors for Align's investment management services. Solicitor relationships will be fully disclosed to each client to the extent required by applicable law. Align will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable. Currently, Align does not have any third-party solicitation arrangements.

## **Item 15: Custody**

Align does not have custody of client accounts or their assets therein. All client accounts are custodied with a qualified custodian. Align does not have authorization to deduct advisory fees from any of its clients' accounts.

## **Item 16: Investment Discretion**

Align provides discretionary and non-discretionary investment advisory services to clients. The governing documents established with each client sets forth whether or not Align has discretionary authority over the assets in a particular client account. Where investment discretion has been granted, Align generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, Align's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to Align).

## **Item 17: Voting Client Securities (Proxy Voting)**

Align will accept voting authority for securities in certain cases. When Align does accept voting authority for securities, it will always seek to vote in the best interests of the client. Align will generally vote proxies in accordance with ISS Sustainability Guidelines, unless that guidance is not in the best interest of the client. When voting proxies, Align will always hold the interests of the

clients above its own interests.

The client may direct Align on how to vote securities by communicating their wishes in writing or electronically to Align. The client may obtain the voting record of Align on securities by contacting Align at the phone number or e-mail address listed on the cover page of this brochure. The client may obtain a copy of Align's proxy voting policies and procedures upon request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Align neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Align nor its management has any financial condition that is likely to reasonably impair Align's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Align has not been the subject of a bankruptcy petition in the last ten years.