



## **Form ADV Part 2A Firm Brochure**

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This Brochure provides information about the qualifications and business practices of Impact Investors, Inc., "Impact Investors." If you have any questions about the contents of this Brochure, you should contact us at (888) 463-6861. 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. Impact Investors, Inc. is registered as an Investment Adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Impact Investors is available on the SEC's website at [www.adviserinfo.sec.gov](https://www.adviserinfo.sec.gov) which can be found using the firm's CRD number 289028.



## Item 2: Material Changes

Impact Investors has made the following material changes since its last annual updating amendment:

- Item 4: Updated Advisory Business sections as follows:
  - Reorganized service offerings
  - Ended use of Wrap Program
  - Added Bespoke Client Service Agreement
- Item 5: Updated our fee schedule for investment management services as follows:
  - Updated the minimum requirement for investment management services to a flat \$750 quarterly management fee
  - Reduced our first tier AUM fee by 0.05%
  - Added service offering tiers
  - Include 0.15% cash management fee
- Item 7: Updated various client types and services provided
- Item 8: Updated the description of our portfolio management process to include our ESG screening practices
- Item 17: Updated client proxy voting policies
- Item 18: Updated information regarding PPP loan

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## **Item 4: Advisory Business**

### **Description of Advisory Firm**

Impact Investors, Inc. ("We," "Us" "Our" or the "Firm") is a registered investment advisor firm registered with the Securities and Exchange Commission ("SEC"). We operate as a privately held S-Corp that is entirely owned by its employees.

### **Types of Advisory Services**

We offer numerous wealth management advisory services, with the overall emphasis on providing socially and environmentally responsible investors with financial solutions that meet their objectives in a prudent and authentic manner in line with our fiduciary duty of care. We categorize these services as follows:

**INDIVIDUALS & FAMILIES:** During an initial meeting, we talk about what is important to you and which of these financial solutions best fit your situation.

#### *CORE INVESTMENT MANAGEMENT*

Our team of investment management professionals and concierge support staff tailor the optimal investment strategy solution to meet your objectives, incorporating your portfolio income, impact, and financial risk and return expectations.

#### *PLUS FINANCIAL PLANNING*

For those with financial planning needs, we provide a dedicated CFP® licensed professional and utilize industry-leading software to deliver objective and comprehensive, lifetime financial projections and scenario modeling.

#### *TOTAL WEALTH MANAGEMENT*

For more in-depth tax analysis and integrated estate planning services, we work closely with your legal and tax experts to tailor solutions with seamless continuity.

#### *SELECT FAMILY OFFICE*

For families and organizations with complex wealth management needs we recruit outside experts as needed, to provide a concierge-level, suite of family office services.

**EMPLOYERS & OWNERS:** For employers we offer company retirement plan services as well as owner succession consulting. During an initial discussion we will explore your needs and get clear about which of the following services make the most sense.

#### *GROUP PLAN TRUSTEE CONSULT*

For employers who wish to offer a group retirement plan that is aligned with your organization's values, we guide you through the various options, costs, and benefits to help you determine the best setup for you.

#### *GROUP PLAN INVESTMENT ADVISOR*

We set up, design, maintain, and advise on group retirement plans, from paperwork to employee education, ensuring an easy setup and regular ongoing oversight, so you can focus on running your business.



We may offer a focused financial planning session to employees at no additional cost beyond the retirement plan fee already being paid. The availability of this financial planning session depends on the total number of employees and the total plan assets.

#### ***OWNER SUCCESSION PLANNING***

For business owners who are planning for their own succession, we offer an array of consultative wealth management services to help make the transition a financial success.

**FOUNDATIONS & ENDOWMENTS:** Working with Foundations & Endowments requires gaining the majority consensus, which can often be complicated. After an initial conversation with at least one board member we can provide a specific proposal for services needed.

#### ***BOARD TRUSTEE CONSULT***

For board members who wish to know how to better align your organization's investments with its mission, we offer our expertise to help you make clear decisions.

#### ***INVESTMENT ACCOUNT ADVISOR***

For organizations looking for a firm to manage part or all your portfolio, we provide investment solutions to match your financial and mission-driven goals.

#### ***IMPACT INVESTMENT PARTNER***

We partner with board members to engage both your networks and the broader impact investment community around your organization's mission and vision.

### **ESG Investment Advisory Management**

Our firm's Assets Under Management as of December 31, 2021 are \$258,233,173. Of these assets \$217,038,045 is discretionary and \$41,195,128 is non-discretionary.

### **Private Fund Advisory Services**

Under an Investment Advisory Agreement between the High Impact Fund I, LP Fund (the "Partnership" or "Fund" and Impact Investors, LLC (the "Investment Manager"), Impact Investors was appointed Investment Manager to act as an investment advisor to the High Impact Fund I in 2020.

Investment Manager is responsible for the management, operation, and control of the investment and trading activities of the Fund. Please see the Confidential Private Offering Memorandum of the fund for a list of investments in the Fund.

### **Bespoke Client Services Agreement**

Our firm offers a specialized platform which performs due diligence and places capital on a non-discretionary basis for accredited investors. Quarterly fees are paid in arrears and calculated as the greater of (1) an amount equal to the product of 0.375% and the Client's AUM and (2) the minimum fee of \$11,250. The minimum AUM is \$1 million per client for this service.

### **Wrap Fee Programs**

We do not sponsor or participate in a wrap fee program.

### **IRA Rollover Recommendations**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing

retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### CCR Section 260.235.2 Disclosure

For clients who receive our Financial Planning services, we must state when a conflict exists between the interests of our firm and the interests of our client. The client is under no obligation to act upon our recommendation and there is no obligation to affect the transaction(s) through our firm.

## Item 5: Fees and Compensation

### Investment Management Services

For Households below \$300,000 in Assets Under Management (AUM) we charge a flat \$750 quarterly investment management fee. For Households with over \$300,000 AUM our standard fee is based on the average daily market value of the AUM during the period under management each quarter, shown annually as follows:

AUM Service Tiers	Aggregate Household AUM	Annual Advisory Fee	
		Managed Funds & Stocks	Individual Bonds
<b>On the First</b>	\$500,000	1.15%	0.80%
<b>On the Next</b>	\$1,000,000	1.10%	0.70%
<b>On the Next</b>	\$2,000,000	1.00%	0.60%
<b>On the Next</b>	\$5,000,000	0.90%	0.50%
<b>On the Next</b>	\$12,000,000	0.80%	0.40%
<b>On the Next</b>	\$24,500,000	0.70%	0.30%
<b>Above</b>	\$45,000,000	Negotiable	Negotiable

\*Annual cash management fee = 0.15%

The annual fees may be negotiable in certain circumstances and are pro-rated and paid in arrears on a quarterly basis. The advisory fee is a blended fee and is calculated by subtotaling the asset type in the account and assessing the percentage rates using the predefined fee rates for each asset type as shown in the above chart, resulting in a combined weighted fee. For example, a Household with \$5,000,000 in AUM with half in Equities and half in Individual Bonds would pay an effective quarterly rate of 0.13% on the Equities and 0.09% on the Individual Bonds, for a total aggregate fee of 0.0.219% on the whole account per quarter. In this example, the quarterly fee would be determined by the following calculation:

	STOCKS	BONDS	TOTAL
<b>AUM</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$5,000,000</b>

\$500,000	\$1,438	\$1,000	\$2,438
\$1,000,000	\$2,750	\$1,750	\$4,500
\$1,000,000	\$2,500	\$1,500	\$4,000
TOTAL	\$6,688	\$4,250	\$10,938
<b>QUARTERLY RATE</b>	<b>0.13%</b>	<b>0.09%</b>	<b>0.219%</b>

No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

**Household AUM:** Clients within the same family can maintain their individual privacy while aggregating the total family Household AUM for billing purposes in order to qualify for the highest level of services at the lowest fee rate. For example, if a parent and child are both clients with Impact Investors, they would not be able to see each other's accounts when they log into the custodian or our Client Portal, however all family members account values are aggregated to calculate the quarterly billing amount by calculating the effective rate for the entire Household, and then we bill each account at that rate.

To determine the value of the account at each billing cycle, we utilize an Average Daily Balance calculation, adding each daily billable balance, and dividing by the total number of days since the previous billing. To determine the rate at which to charge we use the Actual/Actual methodology, totaling the exact number of days in the billing period, divided by 365, and then multiplying that amount by the Annual Ratio. For example: a 1% Per Annum billing rate charged for a 90-day period would be calculated as follows:  $90 / 365 * 1\% = .246\%$  effective rate.

Advisory fees are directly debited from client accounts, or the client may choose to pay by check in certain rare circumstances. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 15 calendar days in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account however an invoice will be due if assets transfer out before a final billing takes place.

### Tiered Service Offerings

We tailor services based on each client's situation, needs and objectives and have organized the fees to reflect the amount of work and complexity involved with various deliverables. Clients receive selective services relative to their Household AUM or they can choose to pay a negotiable flat fee for services that are outside the scope of their AUM tier as follows:

#### SERVICES PROVIDED                      AUM TIER

##### **Families & Foundations**

Core Investment Management	\$300,000
Plus Financial Planning	\$500,000
Total Wealth Management	\$1,000,000
Select Family Office	\$3,000,000

##### **Employers & Owners**

Group Plan Trustee Consult	\$300,000
Group Plan Investment Advisor	\$500,000
Owner Succession Planning	\$1,000,000

##### **Foundations & Endowments**

Board Trustee Consult	\$500,000
Investment Account Advisor	\$1,000,000

Impact Investment Partner

\$3,000,000

### **Investment Management via Third-Party Managers**

Our fees for this service depend on which Outside Manager is used for the client's account. For accounts where Impact Investors provides non-discretionary advice and directs clients to Outside Managers, the Outside Manager will debit the client's account for the advisory fee and will remit Impact Investors' fee to Impact Investors. The fees will not exceed any limit imposed by any regulatory agency. Advisory fees for the selected third-party manager will be defined in the engagement agreement with the third-party investment manager and Impact Investors. Please note that the total fee charged to the client will not exceed 3%.

### **Fixed Fee Financial Planning**

Financial Planning is offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$1,000 and \$100,000. The fee is negotiable. If a fixed fee program is chosen, half of the fee is due at the beginning of process and the remainder is due at completion of work, however, Impact Investors will not bill an amount above \$500 more than 6 months in advance of the service represented by the fee. In the event of early termination, the client will be billed for the hours worked at a rate of \$300 per hour. If the initial deposit is greater than the amount billed, then the client will be refunded the difference. If the initial deposit is less, then the client will be billed the difference.

### **Private Fund Advisory Service Fees**

Refer to the series supplement to the Confidential Private Offering Memorandum of the High Impact Fund I, LP for a complete description of the fees to be charged.

### **Ongoing Financial Planning**

Ongoing Financial Planning consists of an initial planning fee ranging between \$599 and \$2999 and ongoing fee that is paid monthly, in arrears, at the rate of \$99 - \$999 per month. The initial planning fee covers review and feedback of financial information, planning meetings and/or calls, and the development of an initial financial plan. The fee may be negotiable in certain cases. This service may be terminated with 30 days' notice. Since fees are paid in arrears, no rebate will be needed upon termination of the planning relationship.

### **Employer-Sponsored Retirement Plan Fees**

These fees only apply to organizations who have hired us for such services; not to individuals or families who have hired us for personal financial planning and investment advisory services.

**Asset-Based:** The annualized asset-based fee will be assessed to employer-sponsored retirement plans for consultation services to the retirement plan. Typically, the plan's record-keeper collects this fee and sends it to our firm. Some employers prefer to be invoiced directly, which our firm will do upon request. Fees for such services range up to .75% of the assets in the plan, depending upon the retirement plan providers or program selected, amount of assets within the plan and the number of plan participants. Our firm may receive up to 100% of the total fee for its ongoing consultation, plan participant services, and our continued coordination with the third-party manager(s). Advisory fees will be defined in the engagement agreement with our firm once retirement plan service provider selection has been completed.

**Fixed Fees:** Each project is unique and customized for the plan sponsor, therefore the fixed fee will be based on the complexity of the engagement, types of services involved as well as level of detail that may be necessary. The fee will also take into consideration factors such as the amount of assets in the plan and the number of plan participants. Due to these varied and yet





unknown factors, the fee will range from \$500 for smaller plans, to as much as \$10,000 for ongoing, in-depth engagements.

**Compensation Methodology:** Retirement plans are typically assessed fees based on a percent of the amount of assets within the plan, with the percentage declining as the plan balance increases along with consideration for the number of participants in a plan. For a given size plan, the greater the number of participants the smaller the reduction in the percentage charged. In the case of small businesses and non-profit organizations, the fee is typically based on the balance of the assets under advisement by our firm. At times retirement plan sponsors prefer to negotiate a fixed fee and this fee will vary with the size of the assets in the plan. This is often the case where the sponsor pays for our fee rather than having plan participants pay such services.

For all our engagements, the services that are to be provided and the anticipated fee will be detailed in our agreement. We believe our fees are reasonable for the services provided as well as the experience and expertise of the assigned financial planner. Our fees may be negotiable at the discretion of our firm principal.

**Retirement Plan Payment of Fees:** The plan trustee will be required to execute a letter to the plan record keeper directing the record keeper to charge plan participants the asset-based fee or fixed fee on a pro-rated basis on each participant's assets and to forward those funds to our firm after the end of each calendar quarter. Should a third-party investment manager be engaged, the third-party investment manager will remit our portion of the deducted fee directly to our firm.

In jurisdictions where required, an invoice of the fees to be deducted from accounts will be provided by our firm to the plan trustee or administrator and it will include the total fee assessed as well as the covered time period, calculation formula utilized, and assets under management on which the fee has been based. Account holders are responsible for verifying the accuracy of the fee calculation; the custodian does not verify fee accuracy.

### **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors we consider in recommending broker-dealers for client's transactions and determining the reasonableness of the costs.

### **CCR Section 260.238(j) Disclosure**

Please note, lower fees for comparable services may be available from other sources.

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

Refer to the series supplement to the Confidential Private Offering Memorandum of the High Impact Fund I, LP for a complete description of any performance fees to be charged. Our investment professionals simultaneously manage multiple types of portfolios (including



institutional separate account and the Private Fund) according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products are higher than others. When managing the assets of such accounts, Impact Investors has an affirmative duty to treat all such accounts fairly and equitably over time and maintain a series of controls in furtherance of this goal.

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

We provide socially and environmentally responsible investors with financial solutions that meet their overall objectives in a prudent and authentic manner in line with our fiduciary duty of care. Namely, we work for Individuals and Families, Employers and Owners, Foundations and Endowments.

Our minimum requirement to provide investment advisory services is a \$750 quarterly fee per household. We reserve the right to waive any minimums if certain conditions apply.

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

Our portfolio management philosophy stems from a dual mandate to achieve our client's financial goals, as well as their social and environmental impact objectives. To satisfy this directive, we utilize a four-step, iterative portfolio management process.

First, we start with traditional portfolio management philosophies such as Risk Parity and Modern Portfolio Theory to identify an appropriate strategic asset allocation that aims to maximize the risk return profiles of our various models. We then overlay a thorough financial, Environmental, Social, and Governance (ESG) screening process to the universe of investment options to identify securities that we believe will generate market returns and medium to long-term appreciation in value while representing the best-in-class performance on ESG metrics. Our third step involves vetting the final list of holdings among our investment committee and advisory board, to ensure we have employed a critical thought process and adhere to our fiduciary duty of care while seeking competitive financial returns along with real world impact. Finally, regular due diligence and ongoing monitoring of our investments is the most important factor impacting the performance of our portfolios.

### **ESG Criteria**

All investments are screened using ESG criteria through our paid subscriptions including YourStake data and Thomson Reuters' Refinitive data and news aggregator for public stock and fund ESG due diligence. In addition, we pursue deeper news reporting related to controversies or data that is not contextualized. We also use open-access sources like Just Capital Rankings, Majority Action's tool on Racial Justice Investing, As You Sow's Fossil Fuel Funds reporting and others.

Our objective is to seek an additional level of risk management and long-term value by investing in companies that provide a positive impact in the world and avoid companies that do not take responsibility and care of all stakeholders including shareholders, communities, environment, and the supply chain.

ESG screening has risks including that it may not encompass all environmental, social or governance issues and that such an approach may not lead to greater portfolio performance.



## **Material Risks Involved**

All investing strategies we offer involve risk and may result in a loss of some or all of Client's original investment. Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited Markets:** Certain ETFs held in portfolios may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset classes, industries, sectors, or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of Client's investment portfolio, even if the dollar value of Client's investments remains the same.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common Stocks:** go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds:** debt securities to borrow money. Issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Municipal Bonds:** debt obligations issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, liquidity, and valuation risk.

**Exchange Traded Funds:** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies:** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest. However, neither Impact Investors, nor any of its recommended third-party managers, utilize highly leveraged ETF.

## Item 9: Disciplinary Information

### **Criminal or Civil Actions**

Impact Investors and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

Impact Investors and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

Impact Investors and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of Impact Investors or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations



No Impact Investors' employee is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Impact Investors employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. Impact Investors does not have any related parties. As a result, we do not have a relationship with any related parties.

Catherine Woodman is licensed to sell life insurance and Shane Yonston is licensed to sell life, health, long term care insurance and fixed annuities. They may engage in product sales with our clients, for which they will receive additional compensation. Any commissions received through life or health insurance sales do not offset advisory fees the client may pay for advisory services under Impact Investors. The very nature of these commissions creates a financial incentive to recommend insurance products. However, Ms. Woodman and Mr. Yonston are required to strictly adhere to the firm's code of ethics, including a fiduciary standard with respect to all advice provided to Impact Investors' clients. In addition, clients always retain the right to act (or not) on insurance recommendations and, if they do, to select the insurance representative they will use.

### **Recommendations or Selections of Other Investment Advisers**

In some cases, Impact Investors may refer clients to other investment advisers to manage their accounts. In such circumstances, Impact Investors will share in the total account asset management fee as compensation for managing the relationship with the client, reviewing the account regularly, providing administrative support and periodic, objective, performance reviews. This situation creates a conflict of interest. However, when referring clients to another investment adviser, the client's best interest and suitability of the other investment advisers will be the main determining factors of Impact Investors. This relationship is disclosed to the client at the commencement of the advisory relationship. These compensation arrangements present a conflict of interest because Impact Investors has a financial incentive to recommend the services of certain investment advisers over other investment advisers. At all times, clients maintain the right to decide which managers to use, if any. Additionally, Impact Investors will only recommend another investment adviser who is properly licensed or registered as an investment adviser.

### **Disclosure of Material Conflicts**

All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding Impact Investors, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis for all our dealings.

### **Code of Ethics Description**

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.



- **Integrity:** We shall offer and provide professional services with integrity.
- **Objectivity:** We shall be objective in providing professional services to clients.
- **Competence:** We shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which we are engaged.
- **Fairness:** We shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- **Confidentiality:** We shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- **Professionalism:** Our conduct in all matter shall reflect credit of the profession.
- **Diligence:** We shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide of copy of its Code of Ethics to any client or prospective client upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its “related persons” may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. Our policy is designed to assure that the personal securities transactions, activities, and interests of the employees of our firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Nonetheless, because our Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. To reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates’ transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

### **Trading Securities at/Around the Same Time as Client’s Securities**

From time to time, our firm or its “related persons” may buy or sell securities for themselves at or around the same time as clients. Our firm or its “related persons” will not trade non-mutual fund, non-ETF securities (like individual stocks or bonds) prior to trading the same security for clients on the same day.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Custodians and/or Broker-Dealers**





Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm and on their availability of Sustainable, Responsible, Impact investment options as well as the portfolio management tools and costs of doing business. Portfolio management tools and other services are offered by custodians to Impact Investors for using them as a provider and can create an incentive for Impact Investors to select one custodian over another. Tools and services offered are more comprehensive than what a custodian's client would receive if only opening single personal account. However, the tools and services offered to Impact Investors do not vary based on the number of trades placed or on the assets held at selected custodians.

- Research and Other Soft-Dollar Benefits: We currently do not receive soft dollar benefits.
- Brokerage for Client Referrals: We receive no referrals from a broker-dealer or third-party in exchange for using that broker-dealer or third-party.
- Clients Directing Brokerage: For investment management accounts, we do not allow clients to direct us to use a specific broker-dealer to execute transactions.

### **Aggregating (Block) Trading for Multiple Client Accounts**

Outside Managers used by Impact Investors may block client trades at their discretion. Their specific practices are further discussed in their ADV Part 2A, Item 12.

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with our clients' accounts; however, they will not be given preferential treatment.

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

Client accounts with the Investment Management Service will be reviewed at a minimum of annually. The account is reviewed with regards to the client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition, or deletions of client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs. Impact Investors will meet with clients annually, in person or by other means, to review clients' profile, personal situation and investment needs. Clients will receive trade confirmations from the custodian(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest. Impact Investors will provide written reports to Investment Management clients on a quarterly basis. We urge clients to compare these reports against the account statements they receive from their custodian and notify us promptly of any discrepancies.

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

Per our arrangements with third-party managers, we receive an advisory fee that is collected by selected third-party managers as a part of a total client fee. Other than this compensation, we do not receive any economic benefit, directly or indirectly from any third-party for advice

rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

Impact Investors does not accept physical custody of client funds or securities. Clients should receive at least quarterly statements from the custodian that holds and maintains client's investment assets. We urge clients to carefully review such statements and compare such official custodial records to reports provided by Impact investors. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

For client account in which Impact Investors directly debits their advisory fee:

- The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
- The client will provide written authorization instructing the custodian to deduct the fee directly from accounts held by the custodian and pay the fee to Impact Investors.

## **Item 16: Investment Discretion**

For accounts where our clients are using Outside Managers for investment management, Outside Managers will maintain investment discretion, over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney, which will grant either the Outside Manager or our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

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

Whether and to what extent Impact Investors is authorized and expected to vote proxies will be established for each client account in the relevant investment management agreement.

For accounts where voting authority has been delegated to us, Impact Investors subscribes to third party services to assist with fulfilling its proxy voting responsibilities. The platform includes end-to-end voting service, as well as research and recommendations on the various issues subject to shareholder vote, delivered through an electronic delivery platform. Impact Investors votes the shares that it manages in accordance with set guidelines unless a client has provided a written voting policy, in which case Impact Investors will vote in line with the client's policy.

The shareholder voting guidelines are reviewed annually by committee and generally client's shares will be voted using the following principals:

### **Board of Directors:**

- The board must be independent in order to provide proper oversight of management.



- The board should install policies that ensure long-term shareholder value, ethical behavior, good governance, and a commitment to sustainability.
- The board and its committees should be held accountable for their actions and the actions of the CEO who reports to them.
- The board should reflect both gender and ethnic diversity

**Auditors:**

- Ensure auditor independence.
- Eliminate the possibility of a conflict of interest

**Executive Compensation:**

- Executive pay must be appropriately linked to company performance and should not be excessive.
- Shareholders are entitled to transparency regarding compensation decision-making.

**Capital Structure:**

- Shareholders must approve or ratify any changes in capitalization.
- Common stock should have equal voting rights.
- All stock must clearly specify voting, conversion, dividend distribution, and other rights.

**Sustainable Governance:**

- Share ownership is not passive; shareholders have a right and a fiduciary responsibility to ensure that the company is being managed fairly and effectively.
- Companies that embrace financial, social, and environmental sustainability goals are better positioned for long-term success.
- Corporations need to be transparent when reporting on their environmental and social impacts.
- Corporations are accountable to their shareholders, employees, communities, and stakeholders.

**Environmental Resolutions:**

- Companies must prepare a climate transition plan.
- Companies must act rapidly to reduce greenhouse gas emissions.
- Adopting recycling strategies and reducing waste, packaging, and chemical use will allow companies to cut costs and lower environmental and community impacts

**Social Resolutions:**

- Corporations have a responsibility to respect human, civil, and indigenous people's rights throughout their operations, create safe work environments, support fair wages, enhance labor and workplace rights and not discriminate based on gender, race, or sexual orientation, domestically or throughout their supply chain.
- Corporations should transparently report on their contributions to political activities to inform shareholders how capital is being allocated.
- Corporations should consider privacy and surveillance concerns and enhance animal rights and protections.

**Voting Structure:**

- Shareholders benefit from cumulative voting and confidential voting, including the use of independent tabulators and inspectors.

**Proxy Contest Defenses / Takeover Defenses:**



- Shareholders benefit from equal access to information and do not benefit from prohibitions that limit the ability of shareholders to call special meetings or for proposals seeking to remove anti-takeover provisions.

**Mergers and Corporate Restructurings:**

- The best interest of the shareholders and employees of the corporation will guide votes proposed merger / restructuring / re-organization.

Impact Investors Shareholder Engagement Committee meets quarterly and provides oversight of the proxy voting process to ensure compliance with the firm's proxy policies and procedures. Proxy reports will be provided to those clients who request the same.

Impact Investors does not serve as custodian for any client securities. Proxies for securities held in accounts will therefore be distributed as appropriate by the custodian designated for the account.

With respect to class action lawsuits, Impact Investors will not be obligated to advise or act for its clients in any legal proceeding, including class actions and bankruptcies involving securities purchased or held in accounts managed by Impact Investors. Notice of Impact Investors position with respect to such legal proceedings may also be acknowledged in Impact Investors Investment Management Agreement.

If a material conflict of interest over proxy voting arises between us and a client, we will vote all proxies in accordance with the policy described above. If we determine this policy does not adequately address the conflict of interest, we will notify the client of the conflict and request the client consent to our intended response to the proxy solicitation. If the client consents to our intended response or fails to respond to the notice within a reasonable period specified in the notice, we will vote the proxy as described above. If the client objects to our intended response, we will vote the proxy as directed by the client.

Our complete proxy voting policies and procedures may be obtained by contacting our main office: (888) 463-6861.

## **Item 18: Financial Information**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We do not have custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client six months in advance.

Since its inception, Impact Investors has been on solid financial ground. On April 8, 2020, in response to circumstances brought about by COVID19 conditions; the adviser obtained Paycheck Protection Program ("PPP") loans of \$94,500 for financial assistance to aid in the payment of the salaries of employees who are primarily responsible for performing advisory functions for the firm. Outside of the above, neither the adviser nor its management has any financial conditions that are likely to impair our ability to meet contractual commitments to referred investors. There are no additional financial circumstances to report. The above-mentioned PPP loan was forgiven on April 7, 2021, for the whole amount of \$94,500 including interest of \$903.58.



# Form ADV Part 2A Firm Brochure

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**[theimpactinvestors.com](http://theimpactinvestors.com)**

This Brochure provides information about the qualifications and business practices of Impact Investors, Inc., "Impact Investors." If clients have any questions about the contents of this Brochure, they should contact us at (888) 463-6861. 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. Impact Investors, Inc. is registered as an Investment Adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Impact Investors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm's CRD number 289028.