

# **ADVANTAGE**

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# **C A P I T A L**

## **Advantage Capital Management Corporation**

### **Part 2A of Form ADV**

### **Investment Adviser Brochure**

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This brochure provides information about the qualifications and business practices of Advantage Capital Management Corporation (“ACMC”). If you have any questions about the contents of this brochure, please contact Michael T. Johnson, Chief Compliance Officer, at 504-522-4850 or at [mjohnson@advantagecap.com](mailto:mjohnson@advantagecap.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.

ACMC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training. Additional information about ACMC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This section addresses changes made to APMC's Brochure since the last annual amendment was filed on March 30, 2022. Material changes include: (i) updates to the amount of client assets managed under Item 4, (ii) removing the Texas J4T Account because APMC no longer provides investment advisory services to this fund and (iii) the addition of APMC's sixth and seventh solar investment tax credit funds and its Empower the Change Fund.

*APMC's current Form ADV Brochure may be requested any time at no charge by contacting Michael T. Johnson at [mjohnson@advantagecap.com](mailto:mjohnson@advantagecap.com) or Cara Schiffman at [cschiffman@advantagecap.com](mailto:cschiffman@advantagecap.com).*

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## **Item 4. Advisory Business**

### **General**

Since the early 1990s, ACMC and its affiliates, which operate under the names Advantage Capital and Advantage Capital Partners (ACMC and its affiliates are collectively referred to herein as “Advantage Capital” or “AC”), have utilized public-private partnerships with state and federal economic development organizations to bring investment capital to communities that are underserved by traditional capital providers. Using tax credits offered under the federal and state New Markets Tax Credit Programs (the “NMTC Programs”) and other state sponsored investment programs (“State Programs”), AC has partnered with some of the nation’s leading insurance companies and commercial banks to create proprietary accounts that target investments to these areas. To date, AC has invested approximately \$4.1 billion in small to mid-sized businesses through its proprietary accounts. See Item 10 “Other Financial Industry Activities and Affiliations” for more information with respect to these activities.

AC’s investment advisory business is conducted through ACMC and four relying advisers: Advantage Capital Agribusiness GP, L.L.C. (“Agribusiness GP”), Advantage Capital Agribusiness Manager, L.L.C. (“Agribusiness Manager”), Advantage Capital ETCF GP, LLC (“ETCF GP”) and ETCF Management LLC (“ETCF Manager”), collectively referred to as the “Relying Advisers.” References to ACMC throughout this Brochure refer to ACMC and its Relying Advisers, unless the context otherwise requires.

ACMC, together with its Relying Advisers, conducts a single advisory business subject to a unified compliance program. As of December 31, 2022, ACMC provided investment advisory services to nine private funds. Advantage Capital Agribusiness Partners, L.P., a Delaware limited partnership that closed on October 3, 2014 (the “Agribusiness Fund”), Empower the Change Fund, LP (“ETCF”) that closed on March 22, 2022 and seven funds that are collectively referred to as the “Solar Funds” (name and closing date set forth below).

- Advantage Capital Solar Partners I, L.L.C. (“Solar Fund I”) - October 11, 2017
- Advantage Capital Solar Partners II, L.L.C. (“Solar Fund II”) – October 26, 2018
- Advantage Capital Solar Partners III, L.L.C. (“Solar Fund III”) – October 22, 2019
- Advantage Capital Solar Partners IV, L.L.C. (“Solar Fund IV”) – May 12, 2021
- Advantage Capital Solar Partners V, L.L.C. (“Solar Fund V”) – October 19, 2021
- Advantage Capital Solar Partners VI, L.L.C. (“Solar Fund VI”) - September 13, 2022
- Advantage Capital Solar Partners VII, L.L.C. (“Solar Fund VII”) - September 13, 2022

The Solar Funds are all Delaware limited liability companies. The Agribusiness Fund, ETCF and Solar Funds are private equity funds that qualify for exclusion from the definition of an investment company under Section 3(c)(1) of the Investment Company Act of 1940. They are collectively referred to throughout this brochure as the “Client Funds.”

Where applicable, the Client Funds referenced throughout the brochure could also include any other entities to whom ACMC may provide investment advisory services in the future. Any such entities will become a part of ACMC's existing advisory business and subject to the same unified compliance program.

### **The Agribusiness Fund**

The Agribusiness Fund is structured to comply with the statutes and regulations of the Rural Business Investment Company ("RBIC") Program, a venture capital program administered by the U.S. Department of Agriculture for the purpose of promoting economic development in rural areas and the creation of wealth and job opportunities for individuals living in such areas. Pursuant to the RBIC Program, Farm Credit System institutions, such as farm credit banks ("FCS Institutions"), are permitted to purchase equity interests in an RBIC such as the Agribusiness Fund.

On July 11, 2014, the Agribusiness Fund was licensed by the Department of Agriculture as an RBIC and closed on October 3, 2014, with capital commitments from nine FCS Institutions (\$150 million) and Agribusiness GP (\$4.5 million). The Agribusiness Fund was designed to create a diversified portfolio of investments in businesses that are agriculture related and/or located in rural America, with a view to improving rural economic prosperity, producing long-term returns for investors and bringing awareness of rural investing to a broader investor base. As an RBIC, Agribusiness Fund investments are subject to substantial restrictions, such as size and location of investment, industry sector, and use of investment proceeds. See Item 8. "Methods of Analysis, Investment Strategies and Risk of Loss—The Agribusiness Fund."

The investment period for the Agribusiness Fund ended on October 3, 2019. As such, ACMC is no longer sourcing new investments for the Agribusiness Fund and may only use the remaining uncalled capital to pay expenses of the Agribusiness Fund, including management fees, and to make follow-on investments in existing portfolio companies.

### **The Solar Funds**

Solar Fund I closed with two insurance company investors that made capital commitments totaling \$35 million ("Solar I Class A Members"). Solar Fund II closed with two insurance company investors that agreed to make capital commitments totaling \$32.5 million ("Solar II Class A Members"). Solar Fund III closed with five investors that agreed to make capital commitments totaling \$60.3 million. Three insurance companies and one banking institution ("Solar III Class A Members") collectively committed \$54.3 million, and Advantage Capital Solar Tax Equity Investor, LLC, an ACMC-affiliated investor ("Solar III Class C Member") committed \$6 million. Solar Fund IV closed with three insurance company investors that made capital commitments totaling \$64.5 million ("Solar IV Class A Members"). Solar Fund V closed with one banking institution investor that made a \$30.68 million capital commitment ("Solar V Class A Member"). Solar Fund VI and Solar Fund VII closed with the

same single institutional investor (“Solar VI Class A Member”) that has agreed to make capital commitments totaling \$55 million for Solar Fund VI and \$250 million for Solar Fund VII. The Class B Members for the Solar Funds are all listed below. These Class B Members are all affiliates of ACMC and have committed only a nominal capital amount. All Members other than the Class B Members may also be referred to herein as the “Tax Members.”

- Advantage Capital Solar Holdings, LLC for Solar Fund I and Solar Fund II (“Solar Class B Member”);
- Advantage Capital Solar Holdings III, LLC for Solar Fund III (“Solar III Class B Member”);
- Advantage Capital Solar Holdings IV, LLC for Solar Fund IV and Solar Fund V (“Solar IV Class B Member”); and
- Advantage Capital Solar Holdings 2022, LLC for Solar Fund VI and Solar Fund VII (“Solar VI Class B Member”).

The Solar Funds focus on equity investments in flow-through entities owning solar energy production facility developments that are expected to generate Federal Investment Tax Credits pursuant to Internal Revenue Code Section 48, other tax benefits and cash flows that may be allocated to each fund’s Tax Members. The Solar Funds are designed to generate tax credits for their Tax Members that may be utilized in the year of investment. Thus, because the tax credits are issued by the underlying projects in the year such projects are placed into service, the Solar Funds have an extremely short investment period.

### **ETCF**

ETCF is a private equity fund that Advantage Capital formed in partnership with the National Minority Supplier Development Council Business Consortium Fund (“BCF”) to invest in Minority Business Enterprises (MBEs). ETCF’s initial closing was on March 22, 2022 and included nine institutional investors that agreed to commit up to \$35.1 million and ETCF GP which agreed to commit 3% of capital committed up to \$6 million. ETCF’s second closing on October 28, 2022 included three institutional investors that agreed to make capital commitments totaling \$15.5 million. ETCF is in the process of raising additional capital with a goal of securing up to \$200 million in commitments. As of the date of this Brochure, ACMC had not called capital or invested in any companies but expects to start doing so during the second quarter of 2023.

### **Principal Owners**

ACMC is 100% owned by the Advantage Capital Employee Stock Ownership Plan and Trust (the “ESOP”). No person or entity beneficially owns 25% or more of the ESOP. However, Steven T. Stull, AC’s Chief Executive Officer, has the right to vote the number of shares of ACMC common stock necessary to elect up to 50% of the directors of ACMC. Such

voting rights were granted to Mr. Stull as a secured creditor of the ESOP and terminate upon the earlier to occur of repayment of the debt owed to Mr. Stull by the ESOP or December 24, 2024.

Agribusiness GP, the general partner of the Agribusiness Fund, has delegated management responsibility for such Fund to Agribusiness Manager, which is 100% owned by ACMC. Agribusiness GP is beneficially owned by ACMC (less than 10%) and principals, employees and consultants of ACMC. Only Mr. Stull owns more than 25% of Agribusiness GP.

The Solar Funds have delegated all management responsibility to ACMC. The Solar Class B Member, Solar III Class B Member, Solar IV Class B Member and Solar VI Class B Member are beneficially owned by Mr. Stull and other members of AC management, with only Mr. Stull owning more than 20% of the equity of each member. Additionally, the Solar III Class C Member is 100% owned by AC Managing Director Carl Weatherley-White.

Advantage Capital ETCF GP, the general partner of ETCF, has delegated management responsibility for such Fund to ETCF Manager, which is 100% owned by ACMC. Advantage Capital ETCF Owners Fund, LLC (“ETCF Owners Fund”), Advantage Capital ETCF Investors Fund, LLC (“ETCF Investors Fund”) and BCF are all members of ETCF GP. Only ETCF Owners Fund and ETCF Investors Fund own membership interests in ETCF GP with ETCF Owners Fund owning 50.1% and ETCF Investors Fund owning 49.9%. ETCF Owners Fund and ETCF Investors Fund are both beneficially owned by ACMC and principals, employees and consultants of ACMC, with only Steven Stull, Brian Anderson and Sandra Moore owning more than 25% of either entity. ETCF Owners Fund and ETCF Investors Fund are entitled to receive a total of 90% of the profits interest (40.1% and 49.9%, respectively) from ETCF GP, while BCF is entitled to receive the remaining 10%. BCF has not committed any capital to ETCF and therefore only has a carried interest in the fund’s returns. BCF and ACMC are separate entities with no common ownership.

Mr. Stull founded the group of entities known as Advantage Capital Partners in 1992 and has served as CEO since that time. He directs the firm’s investment policy, fundraising and strategic planning and has over 25 years of experience in all stages of the investment life-cycle, from identifying investment opportunities to structuring investment exits.

### **Investment Advisory Activity**

Investment advice to each Client Fund is provided on a discretionary basis and is tailored to the investment criteria and needs of each such Client Fund. Each Client Fund is subject to strict investment parameters, including in the case of the Agribusiness Fund, federal law mandates regarding the types and sizes of investments and the kind and character of businesses into which investments may be made, in the case of the Solar Funds, investments that are expected to generate Federal Investment Tax Credits under Section 48 of the Internal Revenue Code and in the case of ETCF, investments into MBEs.

AC's investment advisory services are principally conducted through its offices located in Louisiana, Missouri, Nevada, New York and Texas. AC's additional physical offices are in California, Washington, D.C., New Hampshire, and Mississippi. The majority of the operations of the Agribusiness Fund, Solar Funds and ETCF are conducted in the Texas, Missouri, New Orleans and New York offices. All of AC's accounting, compliance and fund administration is conducted at, and substantially all of its books and records are located in, its offices in New Orleans, Louisiana.

At closing of the Agribusiness Fund on October 3, 2014, \$154.5 million of capital was committed to the Agribusiness Fund. As of December 31, 2022, approximately \$150.5 million of the commitments had been called and paid into the Agribusiness Fund. The Agribusiness Fund has access to approximately \$4.0 million in capital; however, since the fund's investment period has expired, capital may only be called for expenses, including management fees, and follow-on investments in existing portfolio companies. Assets of the Agribusiness Fund totaled approximately \$100.4 million as of December 31, 2022.

The Solar I Class A Members committed a total of \$35 million of capital to Solar Fund I, all of which had been called and paid. Solar Fund I had assets valued at \$2.4 million as of December 31, 2022. The Solar II Class A Members agreed to commit a total of \$32.5 million of capital. Approximately \$26 million of their commitments were called and paid into Solar Fund II. The \$6.5 million of remaining unfunded capital commitments for Solar Fund II will not be called. Solar Fund II had assets totaling \$3.8 million as of December 31, 2022. When Solar Fund III closed on October 22, 2019, the Solar III Class A Members and Solar III Class C Member collectively committed a total of \$60.3 million of capital. As of December 31, 2022, \$60.15 million of the capital had been called and paid. The small amount of remaining unfunded commitments for Solar Fund III will not be called. Solar Fund III had assets totaling \$22.2 million as of December 31, 2022. The Solar IV Class A Members committed a total of \$64.5 million to Solar Fund IV. As of December 31, 2022, \$24.9 million of the capital had been called and paid. Solar Fund IV will continue to call capital during 2023. Solar Fund IV had assets totaling \$18.9 million as of December 31, 2022. The Solar V Class A Member committed a total of \$30.68 million of capital. As of December 31, 2022, \$3.7 million of the capital had been called and paid. Solar V will continue to call capital during 2023. Solar Fund V had assets totaling \$3.6 million as of December 31, 2022.

Per the operating agreements for Solar Fund VI and Solar Fund VII, the amount that the Solar VI Class A Member will commit depends on the capital needed to fund the project investments and will be finalized after those investments are selected. The Solar VI Class A Member initially agreed to commit \$55 million to Solar Fund VI for project investments. As of December 31, 2022, approximately \$21.9 million of capital was called and paid for Solar Fund VI. Solar Fund VI had assets totaling \$18.2 million as of December 31, 2022 and will continue to call capital during 2023. The Solar VI Class A Member initially agreed to commit \$250 million of capital to Solar Fund VII for project investments but has already agreed to contribute



more based upon the anticipated amount needed to fund the project investments. APMC expects to call approximately \$273 million for Solar Fund VII, but that is subject to change as APMC continues to evaluate the project investments. There was no investment activity for Solar Fund VII during 2022. Solar Fund VII started calling capital at the beginning of 2023 and has called approximately \$4.8 million to date.

As of December 31, 2022, ETCF's limited partners agreed to commit up to \$56.6 million. At the initial closing on March 22, 2022, ETCF's limited partners agreed to commit up to \$40.1 million. This included nine institutional investors that agreed to make capital commitments up to \$35.1 million and ETCF GP which agreed to commit 3% of committed capital up to \$6 million. The second closing on October 28, 2022 included three institutional investors that agreed to make capital commitments totaling \$15.5 million. There was no investment activity for ETCF during 2022, so no capital was called as of December 31, 2022. ETCF expects to call capital and begin making investments during the second quarter of 2023.

## **Item 5. Fees and Compensation**

### **The Agribusiness Fund**

During the first five years of its life the Agribusiness Fund paid an annual management fee to Agribusiness Manager (as designee of Agribusiness GP) equal to 2% of capital committed by its limited partners. Thereafter, the annual fee is calculated as 2% of the aggregate cost of the Agribusiness Fund's investments less any investment written down by more than 90%. Such fee is paid quarterly in advance from capital commitments of its limited partners. The Agribusiness Fund also reimbursed the Agribusiness GP for certain organizational costs (\$500,000 cap) and reimburses the GP for certain specified operating expenses.

Agribusiness GP is entitled to a carried interest allocation from the Agribusiness Fund (See Item 6. "Performance-Based Fees and Side-by-Side Management").

### **The Solar Funds**

APMC earned an initial management fee from Solar Fund I with respect to the capital committed by the Solar I Class A Members to be paid as follows: (i) 1% of the total amount of capital commitments payable on a pro rata basis in connection with each capital call from the Solar I Class A Members and (ii) with respect to each of 2018 through 2023, inclusive, an annual fee of 1.5% of capital committed by the Solar I Class A Members, payable only after all priority distributions and, if applicable, priority distribution shortfalls have been paid to the Solar I Class A Members.

Solar Fund II paid APMC an initial management fee equal to 1% of the total amount of capital called from the Solar II Class A Members. After this initial fee, APMC is entitled to an

amount equal to (i) 1.25% of called capital in each of 2019 and 2020 and (ii) 0.20% of called capital in each of 2021 through 2024, inclusive.

Solar Fund III paid ACMC an initial management fee equal to 1.25% of the total amount of capital called from the Solar III Class A Members and Solar III Class C Member. After the initial fee, ACMC is entitled to an amount equal to (i) 1.25% of called capital in each of 2020 and 2021 and (ii) 0.20% of called capital in each of 2022 through 2025, inclusive.

ACMC received an initial management fee for Solar Fund IV from the closing date through December 31, 2021, assessed at an annualized rate equal to .20% of capital committed. ACMC is entitled to receive an amount equal to .50% of all capital called in each of 2022 through 2027, inclusive.

ACMC received an initial management fee for Solar Fund V from the closing date through December 31, 2021, assessed at an annualized rate equal to .50% of capital committed. ACMC is entitled to receive an amount equal to .50% of capital committed from 2022 through September 30, 2027, inclusive, with the capital contributions pro-rated for partial periods.

Regarding Solar Fund VI and Solar Fund VII, ACMC is entitled to receive an initial management fee equal to .20% of the amount initially committed by the Solar VI Class A Member (\$55 million for Solar Fund VI and \$250 million for Solar Fund VII). Once ACMC identifies the project investments for each fund and knows the final commitment amount, ACMC is entitled to begin receiving .50% of capital committed by each fund through the date on which the final project investment is “liquidated” within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g), inclusive, with capital contributions pro-rated for partial periods.

The Solar Class B Member, Solar III Class B Member, Solar IV Class B Member and Solar VI Class B Member are entitled to carried interest allocations from the Solar Funds (See Item 6. “Performance-Based Fees and Side-by-Side Management”).

## **ETCF**

ETCF GP is entitled to receive a management fee paid quarterly at an annual rate equal to two percent (2%) of capital committed by the limited partners. Commencing with the first full quarter following the investment period and continuing for the remainder of the partnership’s term, the annual rate will be reduced by 10% each year (i.e., the fee will decrease from 2.0% to 1.80%, to 1.60%, and so on), but in no event will the annual management fee be less than 1.5%. Such fee is paid quarterly in advance from capital commitments of its limited partners. Notwithstanding the foregoing, (i) the management fee for the first and last fiscal quarter of the partnership shall be proportionately reduced based upon the ratio of the number of days in the quarter and (ii) an additional management fee shall be paid upon the date of admission of any limited partner admitted (or the date that a limited partner increases its capital commitment) subsequent to the initial closing date to reflect the increased capital commitments calculated as if

such limited partners were admitted on the initial closing date. Additionally, ETCF GP has agreed to pay BCF a portion of the fees that it receives from ETCF.

The quarterly management fee will be offset by (i) placement fees, finders fees or commissions paid or payable by the partnership, ETCF GP, ETCF Manager or their affiliates in connection with the offer and sale of the interests in the partnership and (ii) unless otherwise approved by the LPAC, an amount equal to one hundred percent (100%) of the amount of any cash or other compensation (i.e., directors' or officers' fees) paid by or in connection with any portfolio company investment to ETCF GP, ETCF Manager or any affiliate. Additionally, ETCF will reimburse ETCF GP for legal, fundraising and other organizational expenses incurred in forming the fund (capped at the lesser of 1.5% of the aggregate commitments of all limited partners and \$1,000,000) and also for certain operating expenses that are specified in the limited partnership agreement.

ETCF GP is entitled to a carried interest allocation from ETCF (See Item 6. "Performance-Based Fees and Side-by-Side Management").

### **General**

On rare occasions, ACMC earns compensation directly from portfolio companies of the Client Funds or in connection with transactions involving Client Fund portfolio companies. Any such compensation received by ACMC or the Relying Advisers will be returned to the Client Funds or used to reduce any fee owed to ACMC or the Relying Advisers by the Client Funds. Further, its employees also serve on the boards of directors or similar governing bodies of Client Fund portfolio companies. Any board fees or other compensation received as a result of such service are returned to the appropriate Client Fund. In the event one or more proprietary accounts co-invest with a Client Fund, the amount of any ACMC or employee board compensation or fee required to be returned (as described above) will be reduced proportionately.

As part of their overall compensation, select AC employees also participate directly in the gains achieved by the Client Funds through an ownership interest in one or more Relying Advisers. Such an ownership interest may create an incentive for AC employees to recommend riskier or more speculative investments for the Client Funds in order to further their own economic interests.

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

### **The Agribusiness Fund**

Agribusiness GP has committed to make capital contributions to the Agribusiness Fund equal to 3% of limited partners' contributions when and as called and will receive a corresponding percentage of each Agribusiness Fund distribution. With the exception of certain

distributions described below, the remaining portion of all distributions will be made (i) 100% to the limited partners (including the Agribusiness GP to the extent of its 3% match) until they have received (a) 100% of their capital contributions made to date and (b) a preferred return of 6% per annum on such capital contributions from the date of contribution, compounded annually; (ii) 100% to Agribusiness GP until it has received an amount equal to (x) 20% of cumulative distributions made to the limited partners in respect of their preferred return, plus (y) 20% of amounts distributed to Agribusiness GP pursuant to clause (x); and (iii) 80% to the limited partners and 20% to Agribusiness GP. Notwithstanding the foregoing, on an annual basis, Agribusiness GP is entitled to distributions in amounts sufficient to allow it and its members to discharge any Federal, state and local tax liabilities arising from the Agribusiness GP's interest for the current fiscal year, adjusted downward as necessary to take into account any allocations of net taxable loss or deduction allocated with respect to prior fiscal years. Any such tax distribution to Agribusiness GP will be credited against future distributions to which it would otherwise be entitled as described above.

The performance-based portion of the Agribusiness GP's compensation (i.e., distributions set forth in clauses (ii) and (iii) above) are referred to as "Carried Interest Distributions." These Carried Interest Distributions may be subject to claw-back pursuant to the terms of the Agribusiness Fund's Partnership Agreement. Specifically, if upon liquidation of the Agribusiness Fund, the limited partners have not received distributions at least equal to their total capital contribution plus their Preferred Return, the Agribusiness GP is required to contribute back to the Agribusiness Fund an amount necessary to make up the shortfall in limited partner distributions; provided that the Agribusiness GP shall not be required to contribute any amount in excess of the difference between (i) Carried Interest Distributions received by the Agribusiness GP and (ii) the Agribusiness GP's cumulative tax liability with respect to its ownership in the Agribusiness Fund. Funds contributed by the Agribusiness GP will then, after any provision for reserves, be distributed to the limited partners.

The interest of Agribusiness GP in distributions of the Fund may create an incentive for Agribusiness GP and Agribusiness Manager to invest in riskier or more speculative instruments, although the contribution of capital by Agribusiness GP will, to a certain extent, serve to align the interest of the Agribusiness Fund and Agribusiness GP and reduce this incentive.

## **The Solar Funds**

Solar Fund I and Solar Fund II have similar cash distribution provisions for the Class A Members and the Solar Class B Member. The Solar Class B Member is entitled to 20% of all cash distributions from Solar Fund I and Solar Fund II after Class A Members for each Solar Fund have received cash distributions, as well as allocations of tax credits and net tax benefits, that result in the Class A Members achieving the agreed upon internal rate of return ("Target IRR") and multiple ("Target Multiple") as set forth in the applicable Solar Fund's Limited Liability Company Agreement ("LLC Agreement"). Cash distributions will be made as follows:

(i) Until the Flip Point (date upon which both the Target IRR and Target Multiple have been achieved), (a) 100% to the Class A Members in accordance with their pro rata shares in an amount equal to the cumulative unpaid priority distribution (i.e., 3% annually on the cumulative capital contributions made by Class A Members) as of the distribution date, and (b) 99.9% to the Class A Members in accordance with their pro rata shares and 0.1% to the Solar Class B Member and (ii) after the Flip Point, (a) first, to the Solar Class B Member in an amount up to the Carried Interest Balance (20% of cash distributions made prior to the Flip Point less any such distributions made to the Class B Member) and (b) then, 80% to the Class A Members in accordance with their pro rata shares and 20% to the Solar Class B Member.

The cash distributions for Solar Fund III are to be made as follows: (i) Until the Cash Flip Point (the sooner of the date upon which the Solar III Class C Member achieves a return of its capital or December 31, 2023), 100% to the Solar III Class C Member as of the distribution date, (ii) after the Cash Flip Point until the Flip Point, (a) first to the Solar III Class A Members in accordance with their Pro Rata Shares in an amount equal to the Priority Distribution Amount (i.e., 2.5% annually on the cumulative capital contributions made by Solar III Class A Members) for such Distribution Date, (b) to the Solar III Class A Members in accordance with their Pro Rata Shares, in an amount equal to any Priority Distribution Shortfall, (c) to the Solar III Class B Member in an amount equal to the Junior Return and any applicable Junior Return Shortfall, and (d) 99.8% to the Solar III Class A Members in accordance with their pro rata shares, 0.1% to the Solar III Class B Member and 0.1% to the Solar III Class C Member and (iii) after the Flip Point (a) first, to the Solar III Class B Member in an amount up to the Carried Interest Balance (20% of cash distributions made prior to the Flip Point less any such distributions made to the Solar III Class B Member) and (b) then, 80% to the Solar III Class A Members and the Solar III Class C Member in accordance with their pro rata shares and 20% to the Solar III Class B Member.

Solar Fund IV and Solar Fund V have similar cash distribution provisions for the Class A Members and the Solar IV Class B Member. The Flip Point for both Solar Fund IV and Solar Fund V occurs on the last day of the month in which occurs the later of the date the Target IRR is achieved, the date that the Target Multiple is achieved and the five-year anniversary of the Placed-in-Service Date for the last project. The cash distributions for Solar IV until the Flip Point are made as follows: (a) to the Solar IV Class A Members in accordance with their pro rata shares, in an amount equal to the Priority Distribution Amount for such Distribution Date, (b) to the Solar IV Class A Members in accordance with their pro rata shares, in an amount equal to any Priority Distribution Amount Shortfall, (c) to APMC in an amount equal to the Management Fee and any applicable Management Fee Shortfall, (d) to the Solar IV Class B Member in an amount equal to the Junior Return and any applicable Junior Return Shortfall and (e) 99.9% to the Solar IV Class A Members in accordance with their Pro Rata Shares and 0.1% to the Solar IV Class B Member. The cash distributions for Solar V until the Flip Point are distributed as follows: (a) to the Solar V Class A Member in an amount equal to the Priority Distribution Amount for such Distribution Date, (b) to the Solar V Class A Member in an amount equal to

any Priority Distribution Amount Shortfall, (c) to the Solar IV Class B Member in an amount equal to the Junior Return and any applicable Junior Return Shortfall and (d) 99.9% to the Solar V Class A Member and 0.1% to the Solar IV Class B Member. After the Flip Point, the distributable cash for Solar IV and Solar V are distributed as follows: (a) first, to the Solar IV Class B Member in an amount up to the Carried Interest Balance (20% of cash distributions made prior to the Flip Point less any such distributions made to the Solar IV Class B Member) and (b) then, 80% to the Class A Members in accordance with their pro rata shares and 20% to the Solar IV Class B Member.

Solar Fund VI and Solar Fund VII each have the same cash distribution provisions for the Solar VI Class A Member and the Solar VI Class B Member. The Flip Point for both Solar Fund VI and Solar Fund VII occurs on the last day of the month in which occurs the later of the date the Target IRR is achieved, the date that the Target Multiple is achieved and the five-year anniversary of the Placed-in-Service Date for the last project. The cash distributions for Solar Fund VI and Solar Fund VII until the Flip Point are made as follows: (a) to the Solar VI Class A Member in an amount equal to the Priority Distribution Amount for such Distribution Date (b) to the Solar VI Class A Member in an amount equal to any Priority Distribution Amount Shortfall, (c) to the Solar VI Class B Member in an amount equal to the Junior Return and any applicable Junior Return Shortfall and (d) 99.9% to the Solar VI Class A Member and 0.1% to the Solar VI Class B Member. After the Flip Point, the distributable cash for Solar Fund VI and Solar Fund VII are distributed as follows: (a) first, to the Solar VI Class B Member in an amount up to the Carried Interest (5% of the Solar VI Class A Member's contributed capital) and (b) then, 80% to the Solar VI Class A Member and 20% to the Solar VI Class B Member.

The Solar Class B Member, Solar III Class B Member, Solar IV Class B Member and Solar VI Class B Member made nominal capital contributions to the Solar Funds; therefore, the interest of the Solar Class B Member, Solar III Class B Member, Solar IV Class B Member and Solar VII Class B Member in distributions of the Funds may create an incentive for ACMC to invest in riskier or more speculative instruments. However, any such incentive is mitigated by the effective subordination of ACMC's fees, and of the Solar Class B Member's, Solar III Class B Member's, Solar IV Class B Member's and Solar VI Class B Member's profit, to achieving the Class A Members' Target IRR and Target Multiple.

## **ETCF**

When available, ETCF will distribute cash at least annually. ETCF GP agreed to make capital contributions to ETCF totaling up to \$6 million and will receive distributions in accordance with its partnership percentage. With the exception of certain distributions described below, the remaining portion of all distributions will be made (i) 100% to the limited partners until they have received 100% of their capital contributions made to date and (ii) thereafter (a) 80% to the limited partners and (b) 20% to ETCF GP ("Carried Interest Distribution"). Notwithstanding the foregoing, ETCF GP has the discretion to make any distribution available

solely to the limited partners. If ETCF GP elects to distribute its 20% carried interest to the limited partners, ETCF GP may elect to receive the amount of the foregone distribution at a later date.

The performance-based portion of ETCF GP's compensation (i.e., distributions set forth above) are referred to as "Carried Interest Distributions." These Carried Interest Distributions may be subject to claw-back pursuant to the terms of ETCF's Partnership Agreement. Specifically, at the end of ETCF's term, ETCF GP will return Carried Interest Distributions previously received by ETCF GP to the extent that such amounts exceed the amounts that should have been distributed to ETCF GP applied on an aggregate basis covering all transactions of ETCF. Notwithstanding the foregoing, in no event shall ETCF GP return more than the cumulative Carried Interest Distributions received by ETCF GP, net of income taxes payable thereon.

The interest of ETCF GP in distributions may create an incentive for ETCF GP and ETCF Manager to invest in riskier or more speculative instruments, although the contribution of capital by ETCF GP will, to a certain extent, serve to align the interest of the ETCF and ETCF GP and reduce this incentive.

### **Parallel Investments**

The Agribusiness Fund is no longer sourcing new investments because its past investment period. The small amount of remaining capital will solely be used for follow-on investments in existing portfolio companies. Going forward, there will not be any overlap between the Agribusiness Fund's investment objectives and other Clients of Proprietary Accounts.

Although ACMC does not anticipate an overlap between the investment objectives of its current Clients or Proprietary Accounts with those of the Solar Funds, ACMC has agreed that any solar-related projects presented to ACMC or its affiliates during the Solar Funds' respective investment periods will first be evaluated for investment by the Solar Funds and shall only be offered to an affiliate of ACMC if the project does not satisfy the Solar Funds' investment objectives.

If ACMC identifies potential investments for its proprietary accounts that also meet ETCF's investment criteria and objectives, ACMC has discretion to allocate the potential investment among ETCF and its proprietary accounts as it sees fit. In making the allocation determination, ACMC will consider numerous factors that include but are not limited to, the investment objectives, risk profile, available capital and diversification needs of ACMC's proprietary accounts and ETCF. Investments may be allocated to both ETCF and ACMC proprietary funds, in which case ETCF will invest on the same terms and with the same instrument as ACMC's proprietary funds. Any investment that is not on identical terms and with

the identical structure would be subject to approval by ETCF's Limited Partner Advisory Committee (the "LPAC") pursuant to the terms and conditions discussed below.

The LPAC will consist of not less than two but not more than five representatives of the limited partners. The LPAC has the authority to review all matters pertaining to conflicts of interest by ETCF and ETCF GP (and any of its members) and to review cross-over investments among ETCF and any other investment vehicles. Notwithstanding the foregoing, if ETCF GP determines that there exists an opportunity for a co-investment coincident with an investment by ETCF in a subject portfolio company, ETCF GP agrees to offer to any limited partner with a capital commitment equal to at least \$5 million (each an "Eligible Partner"), the right to co-invest in such opportunity, subject to the following terms and conditions: (i) any such opportunity shall be offered to an Eligible Partner on a pro rata basis in accordance with its partnership percentage of all Eligible Partners who agree to participate, provided that, unless otherwise approved by ETCF GP, no Eligible Partner can invest more than 20% of its total capital commitment in any one investment; (ii) any portion of such co-investment opportunity not taken by Eligible Partners will be offered back to ETCF, subject, however, to additional investment limitations and restrictions set forth in ETCF's organizational documents (iii) any portion of the co-investment opportunity not taken by Eligible Partners or ETCF may then be offered to the other limited partners, private investors, groups, partnerships or corporations, including but not limited to any other investment funds managed by some of all of the members of ETCF GP. ETCF GP (or one of its affiliates) is permitted to establish an investment vehicle for the co-investment and may charge a management fee and carried interest with respect thereto.

If necessary, ACMC will establish requirements that are similar to those discussed above to ensure compliance with the mandates and restrictions on investor approvals included in the organizational documents of Client Funds that ACMC may advise in the future. Additionally, subject to the restrictions for each Client Fund, if ACMC determines that it would be appropriate for more than one Client Fund or one or more Client Funds and proprietary accounts to participate in an investment opportunity, ACMC will seek to allocate the investment opportunity to all of the participating Client Funds and proprietary accounts on a fair and equitable basis taking into account such considerations as portfolio limitations, availability of capital and liquidity, remaining investment term, diversification, other Client Funds and proprietary account limitations, and other such considerations as ACMC may deem appropriate at the time. In such situations, ACMC may consult with counsel or compliance consultants.

Certain employees and affiliates of AC may have the opportunity to co-invest in the Client Funds' portfolio company investments. Any such investment is subject to the prior approval by the Chief Compliance Officer. See Item 11. "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," below. Neither AC nor any affiliated entity will receive any fee as a result of any such co-investing.



## **Item 7. Types of Clients**

Investments for the Agribusiness Fund are determined by the Agribusiness Manager. The Agribusiness Fund has an Investment Advisory Committee (the “IAC”) made up of representatives of its seven founding limited partners. The IAC has the right to vote on certain major events but does not have investment approval authority. Subject to the satisfaction of their investment objectives, ACMC has the authority to make all investment decisions for the Solar Funds and has been vested with full responsibility for managing them. Investments made by ETCF will be determined solely by ETCF Manager. ETCF’s LPAC has the right to vote on certain major events but does not have the authority to approve any investments.

Initial investors in the Agribusiness Fund were nine financial institutions, all of which are FCS institutions, and Agribusiness GP. Although additional investors could have been admitted with the approval of the IAC, the Agribusiness Fund was never opened up to new investors. Initial investors in the Solar Funds were insurance companies, banks and an AC affiliated entity. While additional investors may be added with the prior written consent of all investors, which consent may be withheld in each investor’s sole discretion, ACMC does not anticipate that the Solar Funds will be open to new investors.

On March 22, 2022, ETCF had its initial closing with nine institutional investors and ETCF GP. ETCF admitted three additional institutional investors in a second closing in October 2022. ETCF’s Partnership Agreement permits the admission of additional investors (and increases in capital commitments) at the discretion of ETCF GP for up to 18 months after the initial closing date (the “Final Closing Date”); however, ETCF GP may, in its sole discretion, extend such period for up to six additional months. After that time, the period may only be further extended by ETCF GP and a majority interest of the limited partners.

The Agribusiness Fund, Solar Funds and ETCF are considered as private funds that qualify for the exclusion from the definition of investment company under Section 3(c)(1) of the Investment Company Act of 1940.

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

### **The Agribusiness Fund**

Investments identified by Agribusiness Manager for the Agribusiness Fund are generally subject to the due diligence, analysis and internal approvals that AC applies in identifying investments for its proprietary accounts.

As investments are identified, the underwriting process commences, including due diligence, confirmation that the investment meets the specific criteria of the Agribusiness Fund and preparation of an initial investment summary for presentation to the AC Investment Committee. The Investment Committee consists of all AC investment professionals and other

senior members of AC. Once preliminarily approved, final due diligence is performed and a full investment review memorandum is prepared for final consideration and approval by the Agribusiness Fund's Investment Committee. The Agribusiness Fund's Investment Committee currently consists of four members of AC senior management, Steven T. Stull, M. Scott Murphy, Damon L. Rawie and Louis T. Dubuque.

The overall investment goals of the Agribusiness Fund include improving rural economic prosperity, producing long term returns for investors and bringing awareness of rural investing to a broader investor base.

As an RBIC, the Agribusiness Fund's portfolio investments must comply with the requirements and limitations of the RBIC Program and the regulations thereunder, which among other things, require the Agribusiness Fund to maintain certain investment levels (measured by percentage of portfolio companies and funds invested) in rural business concerns, small business concerns, and urban area investments. The regulations further restrict investments in any single company to 10% of the Agribusiness Fund's capital without the prior approval of the USDA and prohibit financing (i) passive enterprises, (ii) re-lenders or re-investors, (iii) real estate enterprises, (iv) project financing, (v) farmland purchases, (vi) foreign investments, (vii) gaming establishments, (viii) a change of control for a business (without prior approval of the USDA) and (ix) which may constitute a conflict of interest.

Because contributions by FCS Institutions constitute more than 25% of committed capital, investments are also limited to businesses that are eligible for financing by the Farm Credit System.

Within these limitations, the Agribusiness Fund has endeavored to build a diversified portfolio of junior capital investments in qualifying agriculture related businesses and other qualifying businesses located in rural areas of the United States. Junior capital investments include loans, debt securities (defined as a loan with the right to acquire equity or which by its terms converts to equity) and equity securities. The Agribusiness Fund's portfolio includes investments in companies with established business models and positive cash flow or the potential for positive cash flow within 12 months of investment, as well as investments in earlier stage companies that are consistent with the Agribusiness Fund's investment objectives. As of December 31, 2022, the Agribusiness Fund had invested approximately \$138.9 million from the \$154.5 million in capital committed to the Agribusiness Fund. The Agribusiness Fund is beyond its Investment Period and is no longer making investments other than follow-on interests in existing portfolio companies.

### **The Solar Funds**

Investments made by APMC on behalf of the Solar Funds are subject to analysis and internal approval protocols by the Solar Funds' Investment Committee which currently consists of the following: Carl Weatherley-White, Steven T. Stull, M. Scott Murphy, Jonathan I.

Goldstein, Louis T. Dubuque, Tom Bitting and Maurice E. Doyle, all of whom are current AC employees. Because of the Solar Funds' specialized focus on investments in solar projects that generate federal tax credits, select members of AC's investment team with specific knowledge about these types of tax credit transactions have taken the lead to identify these investments.

The overall investment goal of each of the Solar Funds is to build a portfolio of tax equity investments (the "Project Investments") in solar development project entities (the "Projects") that generate an overall attractive rate of return to investors through the allocation of Federal Investment Tax Credits pursuant to Internal Revenue Code Section 48 (the "ITC") and flow-through taxable losses, as well as profit distributions. The ITC is equal to 30% of the value of qualified, eligible property at the facility and is available immediately in the year the facility is placed in service. The Project Investments must, at a minimum, (i) be eligible for the investment tax credit; (ii) be structured as a yield-based partnership flip transaction (as opposed to the partnership flip transactions in which the flip occurs on a predetermined fixed date); (iii) have no project level debt other than construction debt, unless the terms of such project level debt contain certain acceptable protective provisions; (iv) provide an annual priority return of cash from net operating income of not less than two percent (2%) of the Solar Funds' investment in the Project; (v) be completed by a developer with a demonstrable track record of completing past solar development projects that are similar to the proposed investment project; and (vi) have a financial model or projections that are consistent with the investing Solar Fund achieving its Target IRR and the Target Multiple (each as defined in said Solar Fund's LLC Agreement).

## **ETCF**

Similar to the Agribusiness Fund, investments identified by ETCF Manager for ETCF are generally subject to the due diligence, analysis and internal approvals that AC applies in identifying investments for its proprietary accounts (i.e., AC's underwriting process, due diligence and presentation of an investment summary to AC's Investment Committee for pre-approval). ETCF has a seven-member Investment Group that includes five members from AC and two members from BCF. Senior level managers at BCF will assist ETCF with the review and analysis of potential investment opportunities. Any recommendations made by BCF or the Investment Group to ETCF regarding potential investments are advisory only. Once an investment is preliminarily approved by AC's Investment Committee, final due diligence is performed and a full investment review memorandum is prepared for final consideration and approval by ETCF's Investment Committee. ETCF's Investment Committee consists of the following five members of AC: Scott Murphy, Sandra Moore, Brian Anderson, Josh Rogers and Kayin Barclay.

The overall investment goal of ETCF is to close the racial wealth gap by providing flexible capital to entrepreneurs of color to help create high quality jobs for underrepresented minority employees and community wealth. ETCF will accelerate the growth of entrepreneurs of color by providing growth capital and debt to MBEs that have been locked out of traditional

forms of capital. In addition to financial resources, ETCF will also bring intellectual capital, operational excellence, technology and world class management expertise.

ETCF's investments will be in the form of senior debt, subordinated debt with warrants, preferred and common stock, minority equity rights and similar equity-based investments in MBEs. The investments will include earlier stage and established businesses and will range in size from \$250,000 to \$20 million. All of the investments will be in the United States, without any restrictions to particular states or geographic areas, and no more than ten percent (10 %) of ETCF's aggregate capital commitments will be in a single investment. ETCF is expected to close its first investment during the second quarter of 2023.

### **Risk of Loss**

An investment in the Client Funds involves a significant degree of risk relating both to the types of investments contemplated by the Client Funds and each Client Fund's ability to achieve its investment objectives. There can be no assurance that the Client Funds' investment objectives will be achieved or that an investor will receive any return of capital. An investment in a Client Fund requires a long-term commitment with no certainty of return, and an investor should have the ability to sustain the loss of its entire investment. Since the Client Funds may only make a limited number of investments, and since the Client Funds' investments generally will involve some degree of risk, poor performance by only a few of the investments could adversely affect the total returns to an investor. There can be no assurance that the Client Funds will be able to generate returns or that returns will be commensurate with the risks of the investments within the Client Funds' investment objectives. For more information regarding the risks associated with investing in the Client Funds, investors in the Agribusiness Fund are urged to refer to its Private Placement Memorandum and the RBIC Act; investors in ETCF are urged to refer to their respective subscription documents and LP Agreements; and investors in the Solar Funds are urged to refer to their respective LLC Agreements and applicable provisions of the Internal Revenue Code.

### **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary event that would be material to an evaluation of ACMC or the integrity of its management. None of AC, ACMC, the Relying Advisers or their collective supervised persons has been subject to any legal or disciplinary events required to be discussed in this Brochure.

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

AC, through its affiliates, engages in other business activities in addition to managing the Client Funds. Such activities include managing proprietary accounts and ventures.

Through its proprietary accounts, AC participates in state and federal NMTC Programs, which are designed to bring investment capital to low-income communities across the nation. The federal New Markets Tax Credit Program is administered and regulated by the Community Development Financial Institutions Fund of the U.S. Department of the Treasury, while state New Market Tax Credit Programs are administered and regulated by various state governmental agencies. As an allocatee of credits under the NMTC Programs, AC enters into agreements with banks and insurance companies to place these credits into commerce.

Through its proprietary accounts, AC also manages funds raised pursuant to State Programs that are designed to use state tax credits to generate investments in targeted businesses in such state. Each such program has strict statutory restrictions regarding the types of businesses in which AC may invest.

AC also provides assistance to third parties in structuring financings under the NMTC Programs, both to businesses in need of capital and NMTC Program participants seeking investments in or loans to qualifying businesses. Additionally, AC sells and/or otherwise monetizes state tax credits that it obtains in connection with certain equity investments it makes in affordable housing projects and also participates in federal and state tax credit programs that provide funding for developers to rehabilitate certified historic structures. Information on how ACMC addresses any potential conflicts that may arise through ACMC's participation in proprietary accounts and other ventures is addressed below in Item 11. "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

Mr. Stull also owns a controlling interest in a commercial banking operation, First Bank of the Lake, a Missouri state-chartered bank. The nature of Mr. Stull's relationship with this bank does not present any current or foreseeable material conflicts of interest with ACMC's Client Funds.

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

In accordance with Rule 204(A)-1 under the Advisers Act, ACMC has adopted a Code of Ethics (the "Code") that sets forth ethical standards of business conduct required of its employees, directors and others providing investment advice that are under ACMC's control ("Access Persons"). Adherence to the Code and the related restrictions on personal investing is considered a basic condition of employment at ACMC.

The Code reflects ACMC's view that its long-term business interests are best served by adherence to the principle that investors' interests come first. The Code explicitly recognizes that ACMC has a fiduciary duty to its clients, which requires that Access Persons act solely for the benefit of its clients and their investors. The Code also reminds Access Persons of their responsibilities under federal and state securities laws and of the sanctions that can be imposed

on them by ACMC, the SEC and law enforcement officials for their failure to strictly adhere to the provisions of such laws.

Specifically, the Code contains provisions designed to (i) identify conflicts of interest, (ii) provide a means to resolve any actual or potential conflict in favor of investors, (iii) prevent improper personal trading by Access Persons, and (iv) prevent improper use of material, non-public information. In the case of doubt as to the propriety of any action, Access Persons are directed to consult the Chief Compliance Officer. The Code will be reviewed and revised periodically, but in no event less frequently than annually.

As discussed in Item 10. “Other Financial Industry Activities and Affiliations,” above, ACMC participates in proprietary accounts and other ventures in addition to managing the Client Funds. Although each such proprietary account is subject to strict restrictions on eligible investments, because of the number of these accounts, investment criteria are likely to overlap and conflicts of interests may be unavoidable. Accordingly, the Code emphasizes awareness of the potential for conflicts and the importance of disclosing the possibility of such conflicts to the relevant Client Funds. The Code advises Access Persons that ACMC will disclose to the Client Funds and their investors that it works with multiple accounts and that conflicts may arise.

The Code also prohibits ACMC and its Access Persons from stating or implying that ACMC has the ability to use or access non-public information of one Client Fund, account or venture or its investments for the benefit of another, and from divulging confidential information concerning Client Funds, proprietary accounts and ventures or their investments.

ACMC’s Client Funds are subject to requirements regarding the allocation of investments among each such account and fund and other proprietary accounts of ACMC, as described above in Item 6. “Performance-Based Fees and Side-by-Side Management—Parallel Investments.”

In addition, any co-investment by an Access Person of AC in a Client Fund portfolio company investment must be approved in advance by the Chief Compliance Officer after full disclosure of any potential conflict of interest.

Additionally, ACMC has adopted inside information policies and procedures to provide for the proper handling of confidential information in order to prevent violations of laws and regulations prohibiting the misuse of material non-public information and to avoid situations that might create an appearance of such misuse.

Under the Code, Access Persons are prohibited from trading in securities of any company while in possession of material, non-public information regarding such company. In furtherance of this policy, the Chief Compliance Officer maintains a list of restricted securities which may be traded only with the authorization of the Chief Compliance Officer. Access Persons must also pre-clear through the Chief Compliance Officer purchases and sales of securities offered in initial public offerings and limited offerings.

Access Persons are also required to file certain reports regarding brokerage or securities accounts in the individual's name or over which such person has any direct or indirect beneficial ownership, including accounts over which investment discretion is exercised either directly or indirectly. These reports include an initial report of securities holdings, annual reports of such holdings and quarterly reports of transactions in such accounts.

The Code and other policies and procedures of ACMC restrict employees' ability to conduct activities outside of ACMC that may conflict with the interests of the Client Funds, require preapproval for gifts and entertainment in excess of certain values that may be received and/or provided by Access Persons and provide for the imposition of sanctions for Code violations.

A copy of the Code is available to our clients upon written request to the Chief Compliance Officer.

## **Item 12. Brokerage Practices**

ACMC does not receive research or other soft dollar benefits, client referrals, directed brokerage or any other form of compensation or remuneration from any broker-dealer.

Generally, assets of the Client Funds will be invested in private companies, which are typically purchased directly from the issuer without the payment of a commission or placement fee and are likewise not executed on an exchange or through the use of a broker. Accordingly, best execution principles generally do not apply to such transactions. On occasion, however, such as in the event a portfolio company becomes publicly traded, an investment in or disposition of securities held by a Client Fund will require that ACMC select a broker-dealer to execute a transaction.

In such event, ACMC will, as a matter of policy and practice, seek to obtain the best execution for client transactions taking into account the commission expense and the overall execution in the circumstances. The determining factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution after considering the full range of broker-dealer services. As such, a Client Fund could pay a commission that is higher than another qualified broker-dealer may charge for the same transaction where ACMC determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and services received.

## **Item 13. Review of Accounts**

ACMC investment team members are expected to remain in frequent contact with management of the Client Funds' portfolio companies--often taking board seats, thereby providing ACMC with greater visibility and opportunity to advise the Client Funds' portfolio

companies. Managing Directors Damon Rawie and Keith Freeman serve as the main points of contact for the Agribusiness Fund's current portfolio investments. Scott Murphy and Brian Anderson will serve as the main points of contact for ETCF's investments. Mr. Freeman and other members of ACMC's investment team serve on the board of directors (when applicable) for those Agribusiness Fund portfolio companies that they oversee and monitor. The same will apply to Scott Murphy, Brian Anderson and other members of ACMC's investment team as ETCF starts to invest in portfolio companies. On a quarterly basis, a written report for each investment is prepared for use by the Relying Advisers for the Agribusiness Fund and ETCF. This report describes the portfolio company's financial performance, liquidity outlook, job growth, etc. and updates the investment's valuation.

Carl Weatherley-White and Tom Bitting are the primary points of contact for the Solar Funds' Project Investments. Mr. Weatherley-White has a long history of investing in and managing solar energy projects and became a Managing Director at AC in the beginning of 2019. Prior to joining the firm, Mr. Weatherley-White provided consulting services to AC and played a pivotal role in structuring and deploying the Solar Funds. ACMC has a different approach to reviewing and monitoring investments for the Solar Funds because they present a different type of risk than ACMC's investments in its other Client Funds and proprietary accounts. Due to the structure of the Project Investments, ACMC's investment team members will not serve on the board of directors for the companies involved with each investment; however, each Project Investment will be required to provide quarterly written reports with information about its business operations and finances. AC investment professionals will use these reports as the basis of their review and monitoring of the Solar Funds' Project Investments and to help determine investment valuation for each Project Investment.

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

None of AC, ACMC or the Relying Advisers has arrangements whereby any third party provides an economic benefit for providing investment advice or other advisory services to the Client Funds.

While none of AC, ACMC or the Relying Advisers compensates any third party for client referrals, ACMC compensated Meridian Investments, Inc. for soliciting investors for Solar Fund IV and Solar Fund V. In addition, while ETCF has not compensated any third parties for client referrals to date, ETCF recently entered into an agreement with Finalis Securities, LLC to assist with marketing efforts to potential investors. This information was disclosed in response to question 28 of Item 7.B.(1) in Part 1A of the Form ADV.



## **Item 15. Custody**

Under Rule 206(4)-2 under the Advisers Act, ACMC may be deemed to have custody of cash and securities of the Client Funds because of (i) its ability to withdraw cash and securities from the Client Funds and (ii) its role as general partner, managing partner (or comparable position) of the Client Funds. All assets of the Client Funds are maintained with a qualified custodian, as defined in Rule 206(4)-2 under the Advisers Act (the “Qualified Custodian”). The investors for each Client Fund will receive account statements each quarter directly from the Qualified Custodian.

ACMC has retained for each Client Fund an independent public accounting firm that is both registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules. The firms will conduct audits of each Client Fund at least annually, and ACMC will distribute independently audited financial statements for each Client Fund to its investors no later than 120 days after the end of the Client Fund’s fiscal year.

## **Item 16. Investment Discretion**

ACMC or a Relying Adviser is generally deemed to have discretionary authority over each Client Fund’s purchase and sale of securities or other investments and the amount of such investments purchased or sold. This is subject to restrictions set forth in state and federal laws and the transaction agreements negotiated with the investors at the commencement of each Client Fund.

## **Item 17. Voting Client Securities**

Generally, investments made on behalf of the Client Funds are in private companies rather than in publicly-traded companies. If a private security becomes publicly registered, however, ACMC may be authorized to vote proxies covering such shares. Accordingly, ACMC has adopted a policy addressing this contingency entitled: “Proxy Voting Policies and Procedures,” which provides that ACMC will vote in the best interest of the Client Fund. In voting such securities, consideration is given to both the short- and long-term implications of the proposal voted upon.

Prior to voting any proxy, the Chief Compliance Officer, in consultation with supervised persons with the closest relationship with the portfolio company if he deems necessary or appropriate, will determine if a conflict of interest exists. This determination will include an evaluation of whether ACMC or any affiliate has a relationship with the portfolio company outside of an investment in the company. If a conflict is identified, the Chief Compliance

Officer and any such persons will make a determination (which may be with the assistance of outside counsel) as to whether the conflict is material.

If no conflict exists or if the conflict is determined not material, ACMC will vote or abstain from voting the proxy as determined by the Chief Compliance Officer. In the event a material conflict exists, ACMC will generally seek to mitigate the conflict by either appointing an independent third party to vote the proxy or by disclosing the conflict to affected investors and giving them the opportunity to vote the proxies in question.

Investors in the Client Funds may obtain a copy of ACMC's Proxy Voting Policies and Procedures and information on how ACMC voted proxies on behalf of such Client Fund on written request to the Chief Compliance Officer.

## **Item 18. Financial Information**

As a registered investment adviser, ACMC is required to provide certain financial information or disclosures about its financial condition under certain circumstances. ACMC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors and has not been the subject of a bankruptcy proceeding.

### **Nondiscrimination Notice:**

*In accordance with federal law and the U.S. Department of the Treasury policy, ACMC is prohibited from discriminating on the basis of race, color, national origin, sex, age or disability. To file a complaint of discrimination, write to the Department of the Treasury, Office of Civil Rights and Diversity, 1500 Pennsylvania Ave. NW, Washington, D.C. 20220 or call (202) 622-1160.*