



## Item 1 – Cover Page

### Part 2A of Form ADV

#### Firm Brochure

# WaterCredit, LLC

March 2023

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This Brochure provides information about the qualifications and business practices of WaterCredit, LLC ("WaterCredit"). Please direct any questions about the contents of this Brochure to the Chief Compliance Officer at [mmilligan@waterequity.org](mailto:mmilligan@waterequity.org) or 816.800.8100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about WaterCredit is available on the SEC website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

WaterCredit is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). SEC registration does not imply a certain level of skill or training.

## Item 2 – Material Changes

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update. The following changes occurred since WaterCredit filed its last Brochure:

- ITEM 13: WaterCredit updated its Item 13 to reflect that Marie Milligan is the Chief Compliance Officer and that Catherine Colyer is now the Chief Operating Officer (Ms. Colyer previously held the title “Chief Operations and Chief Compliance Officer”).

## Item 3 – Table of Contents

ITEM 1 – COVER PAGE .....	1
ITEM 2 – MATERIAL CHANGES.....	2
ITEM 3 – TABLE OF CONTENTS .....	3
ITEM 4 – ADVISORY BUSINESS .....	4
ITEM 5 – FEES AND COMPENSATION .....	6
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	7
ITEM 7 – TYPES OF CLIENTS .....	8
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS .....	9
ITEM 9 – DISCIPLINARY INFORMATION .....	12
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	13
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING .....	14
ITEM 12 – BROKERAGE PRACTICES .....	16
ITEM 13 – REVIEW OF ACCOUNTS .....	17
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....	18
ITEM 15 – CUSTODY.....	19
ITEM 16 – INVESTMENT DISCRETION .....	20
ITEM 17 – VOTING CLIENT SECURITIES.....	21
ITEM 18 – FINANCIAL INFORMATION .....	22
SUPPLEMENT .....	23

## Item 4 – ADVISORY BUSINESS

### 4.A Description of the Advisory Firm

WaterCredit, LLC (“WaterCredit”) was founded on January 14, 2014, and became an SEC- registered investment adviser on May 28, 2021.

WaterCredit is wholly owned by WaterEquity, Inc. (“WaterEquity”). WaterEquity is a Missouri public benefit corporation dedicated to solving the global water and sanitation crisis. WaterEquity seeks to achieve its mission by developing capital market solutions to finance water and sanitation improvements in emerging markets.

WaterCredit provides investment advisory services to private investment funds controlled by WaterCredit GP, LLC, Global Access Fund GP, LLC, and Global Access Fund IV GP, LLC (collectively, the “GPs”). The private investment funds are collectively referred to as “Advisory Clients” or “Private Investment Funds” and consist of the following:

1. WaterCredit Investment Fund 3, LP (“Fund II”), a Delaware limited partnership, with approximately \$56,945,992 of regulatory assets under management as of 12/31/2022; *Fund II is no longer accepting new subscriptions.*
2. Global Access Fund LP (“Fund III”), a Delaware limited partnership, with approximately \$148,547,475 of regulatory assets under management as of 12/31/2022; *this amount includes Fund I assets, which Fund I Members voted to merge into Fund III.*
3. Global Access Offshore Fund LP (“Fund III Feeder”), a Cayman Islands exempted limited partnership and registered private fund that invests all its investable assets in Fund III through a master-feeder arrangement.
4. Global Access Fund IV LP (“Fund IV”), a Delaware limited partnership, with no regulatory assets under management as of 12/31/2022.

Each of the Advisory Clients has an Investment Committee appointed by WaterCredit’s Managers. The Investment Committee is comprised of three to eight people, each of whom has experience in making social impact investments in the targeted countries or with substantial investment expertise in other relevant asset classes. The Investment Committee has the authority to review and approve individual investment opportunities and to construct and monitor the composition and performance of investment portfolios.

### 4.B. Description of the Type of Advisory Services Offered

WaterCredit provides investment advisory services to its Advisory Clients. WaterCredit’s investment strategy is to develop capital market solutions to finance water and sanitation improvements in emerging markets by providing debt capital to qualified financial institutions

(“FIs”) and small- to medium-sized enterprises (“SMEs”), which, in turn, provide access to capital or services to low-income individuals and groups.

- Fund II is a blended finance fund that provides debt financing to qualified FIs in Cambodia, India, and Indonesia using External Commercial Borrowings, Non- Convertible Debentures, and Loan Agreements. Fund II’s investment strategy is to lend to qualified FIs and water and sanitation enterprises to increase access to water and sanitation for low-income households. Fund II’s investment period has expired and the Fund is no longer making new investments.

- Funds III and IV are blended finance funds that provide debt financing to qualified FIs in East Asia and the Pacific, Latin America and the Caribbean, South Asia, Middle East and North Africa, Eastern Europe and Central Asia, and Sub-Saharan Africa. The Funds use Loan Agreements, Non-Convertible Debentures, and other debt instruments to make their investments. Fund III and IV employ an investment strategy to invest (i) in FIs that on-lend to low-income individuals who seek microloans to increase access to safe water or sanitation and (ii) in FIs that on-lend to SMEs providing water or sanitation services.

Although WaterCredit's investment advice is generally limited to the above types of investments, it has broad and flexible investment authority, through its Investment Committee, with respect to the Private Investment Funds. Each Private Investment Fund's structure, investment objective, and strategy are set forth in a confidential private offering memorandum provided to each investor in the relevant fund.

#### **4.C. Tailoring of Advisory Services**

The Private Investment Funds may enter into separate agreements with certain investors, allowing such investors to invest on different terms than those described in the respective offering memorandum, including with respect to fees or liquidity provided to such investors, or with respect to the information and reporting offered to such investors.

#### **4.D. Wrap Fee Programs**

WaterCredit does not participate in Wrap fee programs.

#### **4.E. Client Assets Under Management**

As of December 31, 2022, WaterCredit manages \$205,493,467 of Advisory Client regulatory assets.

## ITEM 5 – FEES AND COMPENSATION

### 5.A. and B. Description of Compensation and Fee Payments

The fee schedules for the Private Investment Funds vary and are described in detail in each respective Fund's offering memorandum, limited partnership agreement, or other governing document (as applicable). A summary of the fee schedules is:

Fund II: WaterCredit is entitled to receive a management fee equal to 2% per annum of (a) the unreturned capital contributions and (b) the loan facilities (as both terms are defined in the Fund II PPM), paid on the first day of each quarter.

Funds III and IV: WaterCredit is entitled to: (1) a management fee of 1.75% of aggregate capital commitments during the commitment period and 1.75% per annum of aggregate unreturned capital contributions after the end of the commitment period (all terms defined in the PPMs);

(2) a one-time acquisition fee in an amount equal to 1.2% of each investment made by Funds III and IV (at cost) for due diligence, evaluation, preparation, and processing of the investment; and

(3) a quarterly monitoring fee in an amount equal to 0.2% per annum on the aggregate amount of outstanding loans (at cost) for maintaining and monitoring the investment.

### 5.C. Description of Other Fees and Expenses

In addition to the fees described above, Private Investment Funds (and therefore, Private Investment Fund investors) will also be subject to other costs and expenses related to such Private Investment Fund's activities. Such costs and expenses may include:

- accounting fees, legal fees, custodial expenses, auditing expenses, appraisal expenses, and other reasonable costs and expenses that are incurred in the operation of the Private Investment Funds;
- fees, costs, and expenses relating to investments, including the acquisition, holding and disposition thereof, including travel-related expenses, and expenses related to organizing and maintaining entities through or in which investments will be made, including fees and expenses of the specified agent;
- taxes or other governmental charges payable by or on behalf of the Private Investment Funds;
- costs of reporting to the investors; and
- costs of winding up and liquidating the Private Investment Funds.

### 5.D. Payment of Fees in Advance

None of the Advisory Clients pay fees in advance.

### 5.E. Compensation for Sales of Securities

WaterCredit supervised persons do not accept any compensation for sale of securities or other investment products.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither WaterCredit nor the GPs receive performance-based compensation.

WaterCredit recognizes that, as a fiduciary, it must act in the best interests of its Advisory Clients. Further, WaterCredit recognizes that it must treat all Advisory Clients fairly and must refrain from favoring one Advisory Client's interests over another's. WaterCredit regularly assesses the allocation of its resources among its Advisory Clients, including investment personnel, to ensure adherence to its fiduciary duties.



## ITEM 7 – TYPES OF CLIENTS

WaterCredit provides investment advisory services to pooled investment vehicles operating as Private Investment Funds.

Each investor in the Private Investment Funds must meet certain eligibility provisions. Interests/shares in each Private Investment Fund are offered to U.S. Investors who are (i) Accredited Investors within the meaning of Regulation D of the Securities Act of 1933, as amended ("Accredited Investors") or (ii) Qualified Purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended ("Qualified Purchasers"). Interests/shares are also offered to non-U.S. Investors.

Subscriptions in Fund II were subject to a minimum investment of \$500,000. Subscriptions in Funds III and IV are subject to a minimum investment of \$1,000,000. The GPs may waive such minimum requirements in their sole discretion. Fund II is no longer accepting subscriptions, as previously noted.



## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

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

WaterCredit has broad discretion, subject to approval by the Investment Committee, when making investments for the Private Investment Funds. The investment strategies summarized below are set forth in detail in the governing documents for each Private Investment Fund.

#### Methods of Analysis

WaterCredit seeks to invest in FIs or SMEs that serve low-income individuals and groups around the globe by helping them increase their access to safe water and sanitation. The FIs in which WaterCredit invests must demonstrate some or all the following criteria: well-governed, sustainable, efficient, good portfolio quality and/or solid growth prospects, and a demonstrated commitment to ESG standards. Some candidates may solicit WaterCredit directly for capital. In most cases, WaterCredit will leverage its market network (its Executive Committee, its Sponsor's Board of Directors, members of the Investment Committee, Water.org, etc.) to locate desirable investments. WaterCredit may also use research materials prepared itself or by others. Prior to approaching any particular investment opportunity, WaterCredit will typically first conduct country analyses to identify appropriate markets for the relevant Advisory Client based on factors including: water and sanitation conditions, political stability/risk, economic risk, financial sector risk, transparency/corruption, business environment, enforceability of contract and investor rights, financial sector supervision, demand for microfinance and SME bank finance, and maturity of the low-income finance sector.

Once country risk is reviewed and deemed acceptable by WaterCredit, there is a 5-step process to select, implement, and monitor the portfolio: (1) Screening (assessing the prospective borrower's basic eligibility, required loan size and terms, credit risk, developmental impact, and ESG compliance); (2) Due Diligence (assessment of the prospective borrower's operational and financial performance, management and governance, capital structure, strategy and competitive position, and risk/credit profile); (3) Structuring (identifying the optimal investment characteristics, such as investment vehicle, currency denomination, fixed or floating rate, amortizing or bullet loan, securitization, and covenants); (4) Approval (the Investment Committee meets to approve or reject the proposed investment); (5) Monitoring (daily monitoring of the portfolio, tracking of interest payments and exchange movements and impact, and regular meetings of the Investment Committee to review).

#### Investment Strategy

**Fund II:** Fund II built on the success of WaterCredit Investment Fund 1, LLC ("Fund I"), which was WaterCredit's pilot fund to test its assumption that private sector investment can effectively serve as an alternative to traditional philanthropy and provide qualified investors an opportunity to contribute toward the health and well-being of low-income individuals in India through increased access to improved water and sanitation. Fund II uses largely the same investment strategy but expanded the number of people reached and the geographic footprint. Fund II further expanded the provision of financing to meet the water and sanitation needs of low-income households. It targeted three Asian countries with high potential for impact: Cambodia, India, and Indonesia. Approximately 90% of the Fund's borrowers are FIs that had worked with Water.org to prepare for investment. The majority of the FIs are tier 1 institutions with over \$50 million in gross loan portfolio outstanding.

Loans from Fund II generally range from \$2 million to \$3 million with the Fund typically taking senior positions, though it may take a subordinated position for FIs with gross loan portfolios exceeding \$50 million. Fund II is closed to investment, as previously noted.

**Funds III and IV:** Funds III and IV deploy capital across a diversified portfolio of private loans to financial institutions. The Funds mitigate risk by spreading assets over multiple geographies, business models, and market segments. Each borrower/investee must successfully complete extensive due diligence to qualify



for investment, which includes demonstrating high performance and the capacity to scale, as detailed above. Fund assets are classified as Level 3 investments under Topic 820 established by the U.S. Financial Accounting Standards Board (FASB). Level 3 assets are generally not tradable, and valuations must be based on models or unobservable inputs. The assets will be valued at their initial face value in local currency terms, multiplied by the current U.S. dollar exchange rate unless there has been a loan loss provision against the investment. There will not be general loan loss provisions due to the small number of loans in the portfolio and the detailed monitoring of each borrower that is carried out on an ongoing basis. Instead, specific provisions based on the risk level and expected losses on each individual loan are made.

Funds III and IV make loans in a target range of \$2 million to \$10 million, although the Funds may make loans of greater or lesser amounts. The Funds intend to limit their foreign currency exposure to approximately 50% through currency hedging.

## **8.B. Material Risks Associated with WaterCredit Investment Strategies**

By its nature, the search for potentially successful investments is highly speculative and is subject to risks which even a combination of industry experience, market and business information, or careful study cannot always overcome. WaterCredit does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Advisory Clients or investors from losses due to market corrections or declines. Additionally, past performance is not an indication of future performance. Risk factors include, but are not limited to:

**Currency Risk.** Net Asset Value (“NAV”) could decline as a result of changes in the exchangerates between the currencies of the target geographies and the U.S. Dollar. The Private Investment Funds calculate NAV quarterly and notify prospective and current investors whenpublished.

**Emerging Market Risk.** Investments in emerging markets involve greater risk from economicand political systems that typically are less developed, and likely to be less stable, than those of more advanced countries. Loss may also result from the imposition of exchange controls, confiscations, and other government restrictions or from problems in security registration or settlement and custody. Fund II and Fund III are also subject to the risk of negative foreign currency rate fluctuations.

**Use of Leverage.** Funds II—IV use leverage to implement their investment strategies. WaterCredit intends to maintain leverage at approximately 1.2:1 debt to equity and 2:1 debt to equity, respectively.

**Legislation and Administrative Regulations.** The operation of a Private Investment Fund issubstantially affected by laws and regulations relating to the investment industry. No assurance can be given that future legislation or administrative regulations will not adverselyaffect the operation of the Private Investment Funds or an investment by an Investor.

**Political and Economic Factors.** The economies of the various countries in which the Private Investment Funds invest will differ from the U.S. economy in such respects as the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, and resource self-sufficiency. Governments of some countries may have exercised and may continue to exercise substantial influence over many aspects of the private sector. FIs may be subject to the local government’s rules and regulations for financial institutions, which are subject to change. Accordingly, government actions in the future could have a significant effect on economic conditions of different countries which could affect the Private InvestmentFunds’ investments. The value of the Private Investment Funds’ investments will be affectedby, among other factors, inflation, interest rates, taxation, social instability, and other political, economic, or diplomatic developments in or affecting the various countries. Foreign investment in certain countries may be restricted or controlled to varying degrees. These restrictions or controls may, at times, limit or preclude foreign investment and increase the costs and expenses of the Private Investment Funds. Certain countries may require governmental approval prior to investments by the Private Investment Funds, limit the amountof investment by the Private Investment Funds, or limit the investment by the Private Investment Funds to only a specific class of securities of an entity that may have less advantageous terms than those available for purchase by nationals. The Private InvestmentFunds’ investments that are situated in the various countries will also be subject to normal investment risks and, in addition, may be adversely affected by political developments and/orchanges in the local laws, taxes, and exchange controls, which might be applicable to the Private Investment Funds and cannot be relied upon to predict a fund’s future success.

**No Assurance of Investment Return.** No assurance can be given that the Private Investment Funds will be able to generate returns for its investors or that the returns, if any, will be commensurate with the risks



of investing in the type of investments made by the Private Investment Funds. Debt investments made by a Private Investment Fund are subject to a wide range of significant risks that could cause such debt investments to lose value. The debt investments made by the Private Investment Funds are speculative in nature and the possibility of partial or total loss of the investors' capital contributions exists. Accordingly, an investment in the Private Investment Funds should only be considered by prospective investors who are able to withstand a total loss of their investment in the Private Investment Funds. Furthermore, the Private Investment Fund's respective investment return objectives are targets only and there can be no assurance that either of the Private Investment Funds will achieve those objectives.

**General Business and Economic Conditions.** The Private Investment Funds' business and earnings are sensitive to general business and economic conditions in the United States and in the target geographies. These conditions include short-term and long-term interest rates, exchange rates, inflation, fluctuations in the debt capital markets, pandemics, and the strength of national and local economies. If the rate of inflation increases, or if the debt capital markets or the economy of the United States or in the target geographies weaken, the Private Investment Funds could be adversely affected, and it could become more expensive for each of the Private Investment Funds to conduct its business.

**The Private Investment Fund's Investment Purpose.** WaterCredit's investment strategy seeks to create an investment portfolio consisting exclusively of investments in water and sanitation and its investment portfolio does not rely on diversification outside of this target asset class in the target geographies. Consequently, any negative events that impact this target asset class could be magnified in the portfolio relative to a portfolio that has a diversified investment strategy. To the extent that the Private Investment Funds' portfolios are concentrated a limited number of geographic region(s) or type(s) of investment, or by other characteristics, the risk of loss may increase and/or financial results may be more volatile than would be the case for a more broadly diversified investment program. Further, the Private Investment Funds intend to invest in a limited number and type of loans to eligible borrowers, which in turn will fund specific projects with limited purposes that are consistent with the Private Investment Funds' investment purpose(s). Therefore, the Private Investment Funds may be substantially affected by the unfavorable performance of a small number of its investments.

**Limited Transferability of Interests/Shares and Interests/Shares Not Liquid.** Outside transfer or assignment of the interests/shares is subject to the terms of the Limited Partnership Agreement for the respective Private Investment Funds. The interests/shares are not liquid and involve a high degree of risk. Subscriptions for interests/shares should be considered only by sophisticated investors who are financially able to maintain their investment and pay the taxes with respect thereto, and who can afford to lose all or a substantial part of their investment.

**Long-Term Investment.** The investments made by the Private Investment Funds are not expected to be sold for several years after each initial investment has been made. Prior to such time, there will generally be only return in the form of interest until the investments mature.

**Absence of Recourse to WaterCredit.** WaterCredit relationship with the Private Investment Funds will be contractual and the respective Limited Partnership Agreements will limit the circumstances under which WaterCredit can be held liable to a Private Investment Fund. As a result, the investors may have a limited right of action against WaterCredit in certain cases.

**Commodity Exchange Act Exemption.** The GPs are not currently registered as commodity pool operators under the Commodity Exchange Act, as amended, pursuant to an exemption from the registration requirements of such Act under the regulations promulgated thereunder, which limits the aggregate commodity interest positions that may be established by the Private Investment Funds from time to time. In the absence of such registration, investors will not be afforded any of the protective provisions of the Act and its regulations, which, among other things, impose certain reporting requirements on registered commodity pool operators.

**It is important that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of the material risks involved in relation to WaterCredit's investment strategies and methods of analysis. The information contained here is a summary only and is qualified in its entirety by such documents.**

## ITEM 9 – DISCIPLINARY INFORMATION

WaterCredit is required to disclose all legal and disciplinary events that are material to clients and prospective clients for evaluation of WaterCredit or the integrity of WaterCredit's management. Neither WaterCredit nor its individual management persons have any legal or disciplinary events to report for this Item 9.



## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Gary White serves as the Chief Executive Officer of WaterCredit and Water.org.

All Supervised Persons must adhere to the ethical standards set forth in WaterCredit's Code of Ethics. See Item 11.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

### 11.A. Code of Ethics

All officers and employees of WaterCredit are subject to a variety of compliance requirements, some of them stemming from formal laws and regulations and some from policies and procedures that WaterCredit has decided to adopt as a matter of safe and sound business practice. WaterCredit has a written Code of Ethics that is shared with all supervised persons and available to clients or prospective clients upon request, which can be made to the Chief Compliance Officer at [mmilligan@waterequity.org](mailto:mmilligan@waterequity.org) or 816.800.8100. The Code of Ethics includes WaterCredit's standards of business conduct, requirements for compliance with applicable laws, requirements related to reporting of securities transactions and holdings of supervised persons, and direction for reporting of any violations.

### 11.B. Participation in Client Transactions

WaterCredit serves as the investment manager to the Private Investment Funds. WaterCredit, the GPs, WaterCredit's sponsor, WaterCredit's employees, supervised persons and their related persons may, if qualified under SEC rules, invest directly in certain of the Private Investment Funds. The fact that some or all these parties may have a financial ownership interest in the Private Investment Funds creates a potential conflict in that it could cause WaterCredit to make different investment decisions than if they did not have such a financial ownership interest. WaterCredit and the GPs charge the Private Investment Funds fees based on a percentage of assets. The management fees are payable without regard to the overall success or income earned by the Private Investment Funds and therefore could create an incentive on the part of WaterCredit to raise or otherwise increase assets under management to a higher level than would be the case if WaterCredit were receiving a lower or no management fee.

As previously noted, Fund III-Feeder is formed in the Cayman Islands and invests all its investable assets in Fund III (master) through a master-feeder arrangement.

Complete fee disclosures are provided to investors in the form of confidential private offering memorandum or other governing documents and should be carefully reviewed by prospective investors.

Further, as noted in 11.A., WaterCredit has established a Code of Ethics that sets forth a standard of business conduct that considers WaterCredit a fiduciary and requires employees to place the interests of the Advisory Clients above their own interests.

### 11.C. Conflicts of Interest – Personal Trading

WaterCredit only manages two types of securities:

- (a) privately offered, unregistered and uncertified loans to financial institutions and enterprises; and
- (b) deliverable and non-deliverable forward currency contracts.

Since the securities under (a) are not tradable, it is difficult to see how an insider could take advantage of material, nonpublic information about them in a trading setting. Regarding currency contracts, there is only a small chance that WaterCredit supervised persons could come into possession of material non-public information that is relevant to the currencies. Nevertheless, it is still possible that certain information fitting this definition, such as prospective client transactions in thinly traded emerging markets currencies, would come into their possession.

All WaterCredit supervised persons are prohibited from misusing material non-public information relating to any security, whatever the source of the information. Furthermore, supervised persons who know or suspect that they, or another supervised person, have come into possession of material non-public information are required to disclose that fact to the Chief Compliance Officer ("CCO"). The CCO, in turn,



will document the acquisition of the information and the steps taken to protect against its misuse.

#### **11.D. Conflicts of Interest – Advisory Clients**

WaterCredit has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its Advisory Clients. Part of fulfilling this duty is avoiding conflicts of interest, and fully disclosing all material facts concerning any conflict that does arise. Employees should make every effort to avoid situations that have even the appearance of conflict or impropriety.

Conflicts of interest may arise when a supervised person's private interest interferes, or appears to interfere, with the interests of WaterCredit, or the interests of a supervised person or WaterCredit are inconsistent with those of an investor or potential investor, resulting in the risk of damage to the interests of WaterCredit or the investor.

To mitigate potential conflicts of interest, WaterCredit expects its supervised persons to:

- (a) act solely in the best interests of investors;
- (b) uphold WaterCredit's high ethical and professional standards;
- (c) identify, report, and manage actual, apparent, or potential conflicts of interest; and
- (d) make full and fair disclosure of any conflicts of interests, as may be required.

Supervised persons may not engage in any investment strategy that might compete with WaterCredit's offered strategies. Employees are prohibited from recommending, implementing, or considering any securities transaction for an Advisory Client without having disclosed any material beneficial ownership, business or personal relationship, or other material interest in the issuer or its affiliates to WaterCredit's CCO.

Supervised persons may not advocate or recommend any service provider to the company if they have a financial interest or other type of interest in the service provider. All employees are required to disclose any personal investments or other interests in vendors or suppliers with which the firm has a relationship or a prospective relationship.

No supervised person may own, directly or indirectly, any interest in any corporation or other entity if ownership of such interest could compromise the loyalty or judgment of such employee or person working for or on behalf of WaterCredit. Whether a particular financial interest will constitute a conflict of interest or the appearance thereof will vary depending on the circumstances.

WaterCredit requires each supervised person to complete an annual Conflict of Interest Questionnaire and to update it as necessary to reflect changes during the year.

## ITEM 12 – BROKERAGE PRACTICES

WaterCredit's investments are in FIs and SMEs that are not traded on any exchange. WaterCredit hedges the currencies of these investments by engaging broker-dealers to execute deliverable and non-deliverable forward currency contracts. WaterCredit does not receive "soft dollar benefits" of any kind in connection with transactions. Neither WaterCredit nor its related persons receive client referrals from any broker-dealers.



## ITEM 13 – REVIEW OF ACCOUNTS

### 13.A. Review of Client Accounts

The performance, risk, and compliance with relevant governance provisions and applicable law of the Private Investment Funds is reviewed on an ongoing basis by members of WaterCredit's committees and members of senior management, including but not limited to: Gary White, CEO; Paul O'Connell, President; John Moyer, Chief Investment Officer; Catherine Colyer, Chief Operating Officer, Elan Emanuel, Chief Investor Relations Officer; and Marie Milligan, Chief Compliance Officer.

The performance of portfolio assets of the Private Investment Funds is overseen by the WaterCredit Investment Committee, which includes Gary White, Paul O'Connell, John Moyer, Sridhar Sampath, and Julie Cheng.

### 13.B. Factors That Trigger Review

The Private Investment Funds are under continuous review. See Item 13.A., above.

### 13.C. Content and Frequency of Regular Reports

Investors in the Private Investment Funds will receive the following written reports, typically on the following schedule:

- annual audited financial statements (within 180 days after the end of the fiscal year);
- quarterly unaudited financial statements (within 60 days of the end of each quarter);
- quarterly reports that include key financial and social performance metrics, incomestatement, and balance sheet (within 60 days of the end of each quarter);
- annual report with financial and narrative content required to support Program Related Investments (e.g., annual report); and
- K-1s and other tax information within the time required by law.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### **14.A. Compensation from Someone Who Is Not a Client**

This Item is not applicable: WaterCredit does not receive economic benefit from anyone who is not a client for providing investment advice or advisory services to our clients.

### **14.B. Compensation for Client Referrals**

WaterCredit may enter into written arrangements with third parties to act as solicitors for its investment management business. All such compensation will be fully disclosed to each client consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-1 under the Advisers Act, as well as relevant SEC guidance. In general, WaterCredit may pay third party solicitors out of the fees received by WaterCredit for services provided to the Private Investment Funds. Investors are not charged any additional fees as a result of the referral arrangements.

## ITEM 15 – CUSTODY

With respect to the Private Investment Funds, WaterCredit and the GPs are deemed to have custody by virtue of their status as investment manager and/or general partner, respectively. The qualified custodians presently utilized by WaterCredit for the Private Investment Funds' cash and securities comprising the assets of the Private Investment Funds are:

**Bank of America, N.A.**

1200 Main Street Kansas City, MO 64105

**EagleBank**

2001 K Street NW Washington, DC 20006

**HDFC Bank Ltd**

Bank House, Dr Annie Besant Rd, Shiv Sagar Estate, Worli Mumbai,  
Maharashtra 400018, India

To ensure compliance with Rule 206(4)-2 under the Advisers Act, WaterCredit reasonably believes that all investors in the Private Investment Funds will be provided with audited financial statements for the Private Investment Funds, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Private Investment Funds' respective fiscal years.

Investors should carefully review the audited financial statements of the Private Investment Funds.

## ITEM 16 – INVESTMENT DISCRETION

WaterCredit has discretionary authority to manage and is authorized to make purchase and sale decisions for the Private Investment Funds.

As explained in Item 8 above, each Private Investment Fund's investment strategy is set forth in detail in each Private Investment Fund's offering memorandum. Investors in the Private Investment Funds do not have the ability to impose limitations on WaterCredit's discretionary authority. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum or similar governing documents, along with all other relevant offering materials, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors should also consult with their legal, tax, or other advisors prior to making any investment. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, prospective investors in the Private Investment Funds must execute a limited partnership agreement.

## ITEM 17 – VOTING CLIENT SECURITIES

### **17.A. Voting Policies and Procedures**

WaterCredit's Advisory Clients do not invest in securities of publicly held companies or invest in equity capital of private companies. Therefore, proxy voting would not be expected to be an issue WaterCredit would encounter. That said, WaterCredit understands and appreciates what is at issue with proxy voting rules so, to the extent that WaterCredit may have discretion to vote on a proposal put before the shareholders of Advisory Clients, WaterCredit will vote in the best interests of the Advisory Clients and in accordance with applicable compliance and legal procedures.

In situations involving shareholder voting, WaterCredit will keep a record of applicable internal procedures, governing fund documents (e.g., Limited Partnership Agreement), proposals received, votes cast, all communications received, and any internal documents created that were material to voting decisions.

### **17.B. Authority to Vote Client Securities**

As stated in Item 17.A., above, WaterCredit does not expect its Advisory Clients to encounter proxy voting, but any such votes received for Advisory Clients will be immediately sent to such Advisory Client from WaterCredit.

## ITEM 18 – FINANCIAL INFORMATION

### **18.A. Prepayment of Fees**

This Item is not applicable: WaterCredit does not require or solicit prepayment of fees.

### **18.B. Financial Condition**

WaterCredit is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients.

### **18.C. Bankruptcy Petition**

This Item is not applicable: WaterCredit has not been subject to a bankruptcy petition.