

Part 2A of Form ADV: Firm *Brochure*

Item 1: Cover Page



**DISCLOSURE BROCHURE
(PART 2A of Form ADV)**

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This brochure provides information about the qualifications and business practices of Capital Impact Advisors LLC. If you have any questions about the contents of this brochure, please contact us at: 617-279-0045, or by email at: info@ershares.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), or by any state securities authority. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about Capital Impact Advisors LLC, including a copy of its Form ADV Part 1, is available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

This brochure reflects material changes noted as part of Capital Impact Advisors' annual amendment dated March 31, 2023, and any material changes since.

Effective March 15, 2023, the EntrepreneurShares Series Trust, which is managed by Capital Impact Advisors, and its affiliates LLC, Seaport Global Advisors, LLC, and EntrepreneurShares, LLC, approved a strategy expansion by including in the principal investment strategy short selling, options buying and writing, private equity, private debt and convertible debt.

Effective February 28, 2023, the EntrepreneurShares Series Trust approved the closure of the ERShares US Large Cap Mutual Fund (IMPLX) by liquidating and returning assets to shareholders. The closure is expected to be completed at or around March 31, 2023.

Effective March 15, 2023, the EntrepreneurShares Series Trust approved a fee increase for the ERShares Entrepreneurs ETF (ENTR) that will become effective May 1, 2023.

To help strengthen Capital Impact Advisors' compliance with SEC regulations through improved disclosure and consistency, the description of the proprietary Entrepreneur Factor ("EF") model was updated.

Effective November 14, 2023, the EntrepreneurShares Series Trust approved the transition of its two Exchange Traded Funds, the ERShares Entrepreneurs ETF and the ERShares NextGen Entrepreneurs ETF, managed by Capital Impact Advisors, from the New York Stock Exchange to the NASDAQ Exchange.

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Item 4: Advisory Business

Capital Impact Advisors LLC (“Capital Impact”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Capital Impact was founded and has been registered as an investment adviser since 2013. Dr. Joel M. Shulman is the principal owner of Capital Impact. While Dr. Shulman controls Capital Impact Advisors, the Pentegra Defined Benefit Plan for Financial Institutions (the “Pentegra DB Plan”), a tax qualified pension plan and trust, holds a 25% equity stake in Capital Impact Advisors.

Investment Management Services

Capital Impact invests money primarily in accordance with the separate strategies the firm has developed and is willing to customize investments and portfolios to the needs and desires of an individual client.

It is the view of Capital Impact Advisors that organizations that emphasize entrepreneurial culture. Entrepreneurs have the potential to outperform well-established corporations over time. Though they may have much less access to cheap debt or equity, they tend to more than compensate with methods for making their resources go further.

Entrepreneurs with vast financial resources are not always successful. In order to grow, entrepreneurial teams need opportunities to match their resources with appropriate projects. Entrepreneurs tend to position their company at the center of industry growth. Their wealth is created, in part, from a unique vision on how to extract value within competitive market environments. Eventually, the outstanding results of entrepreneurial businesses attract the attention of analysts and the media, and publicly traded stocks of successful Entrepreneurial Companies are bid higher.

Capital Impact searches for attributes that are markers of entrepreneurial behavior that can be monitored. For example, an organization with an "entrepreneurial culture" is presumed to have a more efficient workforce that would outperform non-Entrepreneurial Companies.

Capital Impact also evaluates "entrepreneurial vision." The portfolio manager presumes that company managers with better entrepreneurial vision will select more efficient and economically effective growth vehicles without taking on undue risk. This trait might be represented by superior growth characteristics compared to other non-entrepreneurial peer companies in the same industry.

Investments are not held by Capital Impact. Instead, all investments managed by Capital Impact are held at the custodian or brokerage firms ("Custodian") through which transactions are placed. Capital Impact does not assure or guarantee the results of its

investment management services. Thus, losses can occur from following Capital Impact's advice pertaining to any investment or investment approach.

When we recommend investing in one of our proprietary or related funds or provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Securities Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. The receipt of our advisory fee for making a recommendation creates a conflict of interest under ERISA/IRC with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. For example, if we recommend that you roll over assets from one retirement account to another and we will receive increased compensation as a result of that recommendation, we have a conflict that requires us to operate under this special rule.

Type of Advisory Services

Mutual Funds - Capital Impact Advisors, LLC serves as the investment adviser to the ERShares U.S. Small Cap Mutual Fund (the "Fund"). As investment adviser, Capital Impact Advisors, LLC is primarily responsible for the day-to-day management of the investment portfolios of the Fund.

The ERShares U.S. Small Cap Mutual Fund seeks investment results that exceed the performance, before fees and expenses, of the Russell 2000 Index, through active principles-based securities selection. The Fund primarily invests in equity securities of domestic companies with market capitalizations that are above \$300 million at the time of initial purchase and possess entrepreneurial characteristics, as determined by the Fund's portfolio manager.

In view of this, the Fund may be subject to above-average risk. Clients and prospective clients are encouraged to carefully read the Funds' Prospectus for details about the Fund's objectives and fees.

Exchange-Traded Funds – Capital Impact Advisors, LLC serves as the investment adviser to the ERShares Entrepreneurs ETF and ERShares NextGen Entrepreneurs ETF (the "ETFs").

The ERShares Entrepreneurs ETF is an actively managed exchange-traded fund ("ETF") that invests primarily in companies that meet the highest conviction threshold of the adviser's proprietary Entrepreneur Factor ("EF") model. The adviser believes that companies that meet the EF model are led by dynamic leaders who engage in innovation and implement solutions that create value for stakeholders. The companies that are relevant to this theme tend to rely on or benefit from the development of new products or services, technological improvements, and advancements in scientific research relating to various categories (cited below). The EF model incorporates a bottom-up investment orientation that includes investment criteria such as management attributes, sector, growth, value,

leverage, market capitalization (size), momentum, and geographic orientation. With the aid of thematic research, the adviser also incorporates a macroeconomic, top-down approach that integrates changing investment flows, innovation entry points, sector growth, and other proprietary characteristics into a dynamic, global perspective model. The portfolio demonstrates strong ESG (Environmental, Social and Governance) characteristics because the EF model actively integrates ESG considerations. The EF model concentrates on sectors that have low environmental impact. Moreover, governance traits are central to the management attributes of the EF model as well as growth considerations that provide strong social contributions to communities.

The Fund invests primarily in equity securities of mid and large capitalization (above \$2.5 billion at the time of purchase) companies traded on the NASDAQ, the New York Stock Exchange, or other major U.S. exchanges. The Fund's portfolio is composed of both growth and value stocks.

The ERShares NextGen Entrepreneurs ETF is an actively managed exchange-traded fund ("ETF") that invests primarily in companies that meet the highest conviction threshold of the adviser's proprietary Entrepreneur Factor ("EF") model. The adviser believes that companies that meet the EF model are led by dynamic leaders who engage innovation and implement solutions that create value for stakeholders. The companies that are relevant to this theme tend to rely on or benefit from the development of new products or services, technological improvements, and advancements in scientific research relating to various categories (cited below). The EF model incorporates a bottom-up investment orientation that includes investment criteria such as management attributes, sector, growth, value, leverage, market capitalization (size), momentum, and geographic orientation. With the aid of thematic research, the adviser also incorporates a macro-economic, top-down approach that integrates changing investment flows, innovation entry points, sector growth, and other proprietary characteristics into a dynamic, global perspective model. The portfolio demonstrates strong ESG (Environmental, Social, and Governance) characteristics because the EF model actively integrates ESG considerations. The EF model concentrates on sectors that have low environmental impact. Moreover, governance traits are central to the management attributes of the EF model as well as growth considerations that provide strong social contributions to communities.

Under normal market conditions, the Fund will invest primarily in companies domiciled or headquartered outside of the U.S. or whose primary business activities or principal trading markets are located outside of the U.S. The Fund invests primarily in equity securities of small- and mid-capitalization (\$500 million to \$10 billion) companies traded on major global exchanges. The Fund's portfolio is composed of both growth and value stocks. Capital Impact offers services to separately managed account clients. Capital Impact is willing to customize investments and portfolios to the needs and desires of an individual client.

Assets under Management: As of December 31, 2022, Capital Impact's discretionary assets under management were \$ 155,011,511.

Item 5: Fees and Compensation

Investment Management Services Fee: As compensation for its services, Capital Impact charges a percentage of the market value of the assets it manages. For separately managed accounts, the fees are based on an annual percentage rate applied to the market value of the portfolio on a quarterly basis, and in some cases, monthly. For mutual funds and ETFs, the fees are based on an annual percentage rate applied to the market value of the portfolio on a monthly basis. Separately managed account clients may choose to be invoiced, or Capital Impact can direct debit from the client's custodial account, either quarterly or monthly, in advance, or arrears.

In most cases, the fees are calculated based upon the market value of the portfolio at the end of each quarter/month, although some accounts are billed based upon the market value of the portfolio at the beginning of the quarter. The timing of calculations is determined in the services agreement before services begin. One-fourth in the case of quarterly billing or, in the case of the monthly-billed clients, one-twelfth of the annual fee is then billed to the client for services performed during that quarter or month. For clients billed at the beginning of each quarter, and in the event that a client terminates their investment advisory contract prior to the end of the quarter, the fee will be recalculated from the beginning of the quarter to the termination date; any difference between what was paid and the new fee will be returned to the client. For clients billed at the end of each quarter, and in the event that a client terminates their investment advisory contract prior to the end of the quarter, the fee will be pro-rated for the partial period that the account was under management. The management agreement runs for an initial period of one year and quarterly thereafter. The agreement generally may be terminated by either party without penalty upon 30 days' written notice.

ERShares U.S. Small Cap Mutual Fund fee schedule: In return for managing Fund assets, Capital Impact receives a management fee of 0.75% of the value of Fund assets per year. Capital Impact has agreed to lower its fee to ensure a cap on total Fund expenses of 0.87% for the Institutional share class and 1.12% for Retail Class (which is not currently active).

ERShares Entrepreneurs ETF fee schedule: In return for managing Fund assets, Capital Impact receives a management fee of 0.49% of the value of Fund assets per year. The management fee is structured as a "unified fee," out of which the Fund's adviser pays all of the ordinary operating expenses of the Fund, except for payments under any 12b-1 plan; taxes and other costs of borrowing; litigation or arbitration expenses; acquired fund fees and expenses; and extraordinary or other non-routine expenses of the Fund; each of which is paid by the Fund.

ERShares NextGen Entrepreneurs ETF fee schedule: In return for managing Fund assets, Capital Impact receives a management fee of 0.75% of the value of Fund assets per year. The management fee is structured as a "unified fee," out of which the Fund's adviser pays all of the ordinary operating expenses of the Fund, except for payments under any 12b-1 plan; taxes and other governmental fees; brokerage fees, commissions, and other

transaction expenses; interest and other costs of borrowing; litigation or arbitration expenses; acquired fund fees and expenses; and extraordinary or other non-routine expenses of the Fund; each of which is paid by the Fund.

Separately Managed Account fee schedule: Separately Managed Accounts (SMAs) fees are charged as a percentage of assets under management and will be agreed upon with the client in the Investment Management Agreement which will be executed prior to Capital Impact providing investment management services to the client.

Other Fees: Separately managed account fees paid to Capital Impact are for Investment Management Services only. The fees do not include, for example, fees charged by third parties such as third-party managers or accountants and attorneys assisting with providing the client with accounting and legal advice. Commissions on transactions and other account fees will also be charged by brokerage firms in accordance with the account's brokerage or custodial firm's normal commission schedule. See Item 12, Brokerage Practices, for additional information.

Prospective clients should be aware that in addition to Capital Impact's advisory fees, each exchange-traded fund or mutual fund in which a client's assets are invested also pays its own advisory fees and other internal expenses, which already have been deducted from the fund's reported performance.

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

Capital Impact does not use a performance-based fee schedule.

Item 7: Types of Clients

Description

Capital Impact Advisors LLC currently offers its services to investment companies. In addition, the firm offers its advisory services to a wide variety of potential clients including, but not limited to investment companies, financial institutions, pension, and profit-sharing plans, corporations and individuals.

Clients at Capital Impact Advisors currently include investment companies only. If Capital Impact Advisors were to provide asset management services to other types of clients, a minimum account size will be considered.

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

Methods of Analysis and Investment Strategies

The **ERShares U.S. Small Cap Strategy** seeks investment results that correspond generally to the performance, before fees and expenses, of the Russell 2000 Index, by actively selecting the securities of the Index to be held. The Strategy primarily invests in equity securities of domestic companies with market capitalizations that are above \$300 million at the time of initial purchase and possess entrepreneurial characteristics

(“entrepreneurial companies”), as determined by the portfolio manager distributing the Funds. Equity securities include common stocks, preferred stocks, convertible preferred stocks, warrants, options, and American Depositary Receipts.

The **ERShares U.S. Large Cap Strategy** seeks investment results that correspond generally to the performance, before fees and expenses, of the S&P 500 Index, by actively selecting the securities of the Index to be held. The Strategy primarily invests in equity securities of domestic companies with market capitalizations that are above \$5 billion at the time of initial purchase and possess entrepreneurial characteristics (“entrepreneurial companies”), as determined by the strategy’s portfolio manager. Equity securities include common stocks, preferred stocks, convertible preferred stocks, warrants, options, and American Depositary Receipts.

The **ERShares Entrepreneurs Strategy** is an actively managed strategy that invests primarily in companies that meet the highest conviction threshold of the adviser’s proprietary Entrepreneur Factor (“EF”) model. The adviser believes that companies that meet the EF model are led by dynamic leaders who engage innovation and implement solutions that create value for stakeholders. The companies that are relevant to this theme tend to rely on or benefit from the development of new products or services, technological improvements, and advancements in scientific research relating to various categories (cited below). The EF model incorporates a bottom-up investment orientation that includes investment criteria such as management attributes, sector, growth, value, leverage, market capitalization (size), momentum, and geographic orientation. With the aid of thematic research, the adviser also incorporates a macroeconomic, top-down approach that integrates changing investment flows, innovation entry points, sector growth, and other proprietary characteristics into a dynamic, global perspective model. The portfolio demonstrates strong ESG (Environmental, Social, and Governance) characteristics because the EF model actively integrates ESG considerations. The EF model concentrates on sectors that have low environmental impact. Moreover, governance traits are central to the management attributes of the EF model as well as growth considerations that provide strong social contributions to communities. The strategy invests primarily in equity securities of mid and large capitalization (above \$2.5 billion at the time of purchase) companies traded on the NASDAQ, the New York Stock Exchange, or other major U.S. exchanges. The strategy’s portfolio is composed of both growth and value stocks. The **ERShares NextGen Entrepreneurs Strategy** is an actively managed strategy that invests primarily in companies that meet the highest conviction threshold of the adviser’s proprietary Entrepreneur Factor (“EF”) model. The adviser believes that companies that meet the EF model are led by dynamic leaders who engage in innovation and implement solutions that create value for stakeholders. The companies relevant to this theme tend to rely on or benefit from the development of new products or services, technological improvements, and advancements in scientific research relating to various categories (cited below). The EF model incorporates a bottom-up investment orientation that includes investment criteria such as management attributes, sector, growth, value, leverage, market capitalization (size), momentum, and geographic orientation. With the aid of thematic research, the adviser also incorporates a macroeconomic, top-down approach that integrates changing investment flows, innovation entry points, sector growth, and other

proprietary characteristics into a dynamic, global perspective model. The portfolio demonstrates strong ESG (Environmental, Social, and Governance) characteristics because the EF model actively integrates ESG considerations. The EF model concentrates on sectors that have low environmental impact. Moreover, governance traits are central to the management attributes of the EF model as well as growth considerations that provide strong social contributions to communities. Under normal market conditions, the strategy will invest primarily in companies domiciled or headquartered outside of the U.S. or whose primary business activities or principal trading markets are located outside of the U.S. The strategy invests primarily in equity securities of small- and mid-capitalization (\$500 million to \$10 billion) companies traded on major global exchanges. The strategy's portfolio is composed of both growth and value stocks.

Considerations across all strategies

The Capital Impact investment strategies are unique, in part, due to the portfolio manager's proprietary selection process of identifying companies that possess entrepreneurial characteristics. The Strategies utilize quantitative models to narrow the broad universe of domestic companies in which it may invest down to a list of several hundred companies. The Strategies then use fundamental analysis to identify from this list the entrepreneurial companies that it believes have the highest potential for long-term capital appreciation. By way of example, in conducting the fundamental analysis, the Funds look for companies with a good business, shareholder-oriented management, and organic growth. The portfolio manager will generally sell a portfolio security when the portfolio manager believes the security has achieved its value potential; changing fundamentals signal a deteriorating value potential, or other securities with entrepreneurial characteristics have better performance potential.

Furthermore, Capital Impact supplements its primary investment strategies with additional security types and strategies. Capital Impact may select privately-offered debt and equity as well as publicly-offered debt of companies with a high EF model ranking. Debt securities include convertible debt. The advisor may also use options to enhance strategy returns. The advisor may purchase call options and write put options on equity securities that it believes are undervalued; and may write call options and purchase put options on equity securities that it believes are overvalued. Additionally, to generate additional returns, the advisor may sell short equity securities of companies that have a low EF model ranking or are otherwise expected to decline in value. The advisor generally covers short sales, reverses options positions and sells private debt and equity when a target price is reached. When the advisor believes market conditions are unfavorable, it may also use options and short selling to hedge a portion or all of the portfolio's market risk. When the advisor believes market conditions have returned to a favorable position, it reverses the hedging transactions.

Risk of Loss

Investors in the ERShares U.S. Small Cap, ERShares Entrepreneurs ETF, and ERShares NextGen Entrepreneurs ETF portfolios may lose money. Capital Impact strategies are intended for investors who are willing to withstand the risk of short-term price fluctuations

in exchange for potential long-term capital appreciation. There are risks associated with the types of securities in which the Strategy invests. These risks include:

- **Manager Risk:**

How the portfolio manager manages the Funds will affect the Funds' performance. The Fund may lose money if the portfolio manager's investment strategy does not achieve the Funds' objective or the portfolio manager does not implement the strategy properly. The Strategy for the mutual funds is actively managed, and performance, therefore, will reflect in part the ability of the Strategy's portfolio managers to make investment decisions that are suited to achieving the Strategy's investment objective. The Strategy could underperform other funds with similar investment objectives.

- **Market Risk:**

The prices of the securities, particularly the common stocks, in which the Funds invest may decline for a number of reasons. The price declines of common stocks, in particular, may be steep, sudden, and/or prolonged.

- **Absence of Prior Active Market Risk:**

Although the Shares are approved for listing on the NASDAQ Exchange, there can be no assurance that an active trading market will develop and be maintained for the Shares. There can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Fund may ultimately liquidate.

- **Common Stocks:**

Common stocks represent an ownership interest in a company. They may or may not pay dividends or carry voting rights. Common stock occupies the most junior position in a company's capital structure. Debt securities and preferred stocks have rights senior to a company's common stock. Although common stocks have a history of long-term growth in value, their prices fluctuate based on changes in a company's financial condition and on overall market and economic conditions.

- **Small and Medium Sized Companies Risk:**

The Funds invest in small and medium sized companies, which may have more limited liquidity and greater price volatility than larger, more established companies. Small companies may have limited product lines, markets, or financial resources, and their management may be dependent on a limited number of key individuals.

- **Large Sized Companies Risk:**

Large-capitalization companies may be less able than smaller capitalization companies to adapt to changing market conditions. Large-capitalization companies may be more mature and subject to more limited growth potential compared with smaller capitalization companies. During different market cycles, the performance of large capitalization companies has trailed the overall performance of the broader securities markets.

- **Sector Concentration Risk:**

The Fund may focus its investments in securities of a particular sector. Economic, legislative, or regulatory developments may occur that significantly affect the sector. This may cause the Fund's net asset value to fluctuate more than that of a fund that does not focus on a particular sector.

- **Market and Geopolitical Risk:**

The increasing interconnectivity between global economies and financial markets increases the likelihood that events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. Securities in the Fund's portfolio may underperform due to inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters, pandemics, epidemics, terrorism, regulatory events, and governmental or quasi-governmental actions. The occurrence of global events similar to those in recent years may result in market volatility and may have long term effects on both the U.S. and global financial markets. The current novel coronavirus (COVID-19) global pandemic and the aggressive responses taken by many governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged quarantines or similar restrictions, as well as the forced or voluntary closure of, or operational changes to, many retail and other businesses, has had negative impacts, and in many cases severe negative impacts, on markets worldwide. It is not known how long such impacts, or any future impacts of other significant events described above, will or would last, but there could be a prolonged period of global economic slowdown, which may impact your Fund investment.

- **American Depositary Receipt and Global Depositary Receipt Risk:**

ADRs are certificates that evidence ownership of shares of a foreign issuer and are alternatives to purchasing the underlying foreign securities directly in their national markets and currencies. GDRs are certificates issued by an international bank that generally are traded and denominated in the currencies of countries other than the home country of the issuer of the underlying shares. ADRs and GDRs may be subject to certain of the risks associated with direct investments in the securities of foreign companies, such as currency, political, economic and market risks, because their values depend on the performance of the non-dollar-denominated underlying foreign securities. Moreover, ADRs and GDRs may not track the price of the underlying foreign securities on which they are based, and their value may change materially at times when U.S. markets are not open for trading.

- **Early Closing Risk:**

An unanticipated early closing of the NASDAQ Exchange may result in a shareholder's inability to buy or sell Shares on that day in the Secondary Market, although non-institutional investors may still be able to redeem their Shares directly to the Fund and institutional investors may redeem through Authorized Participants.

- **Exchange-Traded Fund Risk:**

The Fund's Shares may trade at a premium or discount to their NAV. Also, an active market for the Fund's Shares may not develop, and market trading may be halted if trading in one or more of the Fund's underlying securities is halted.

- **ESG Risk**

There is no guarantee that ESG-integration and engagement will result in the optimal asset allocation or portfolio construction leading to the best risk-adjusted returns. ESG considerations may be based on company disclosures or third-party information sources that are forward-looking statements of intent and not necessarily fact-based or objectively measurable. This lack of uniformity and objective metrics can lead to missed opportunities or miscalculations as to the realized future impact of perceived positive and negative ESG factors on company fundamentals, leading to less than desired investment outcomes.

- **Foreign Securities Risk:**

Because the Fund's investments may include foreign securities, the Fund is subject to risks beyond those associated with investing in domestic securities. Foreign companies are generally not subject to the same regulatory requirements as U.S. companies, thereby resulting in less publicly available information about these companies. In addition, foreign accounting, auditing, and financial reporting standards generally differ from those applicable to U.S. companies.

- **Hedging Risk:**

There can be no assurance that the Fund's hedging strategy will reduce risk or that hedging transactions will be cost effective. Options may expire worthless. If a security sold short increases in price, the Fund will have to cover its short position at a higher price, resulting in a loss. Because losses on short sales arise from increases in the value of the security sold short, such losses are potentially significant.

- **Preferred Stock Risk:**

The value of preferred stocks will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of preferred stock. Preferred stocks are also subject to credit risk, which is the possibility that an issuer of preferred stock will fail to make its dividend payments.

- **Growth Investing Risk:**

If the adviser's perceptions of a company's growth potential are wrong, the securities purchased may not perform as expected, reducing the Fund's return.

- **Value Investing Risk:**

Value investing attempts to identify companies selling at a discount to their intrinsic value. Value investing is subject to the risk that a company's intrinsic value may never be fully realized by the market or that a company judged by the adviser to be undervalued may actually be appropriately priced.

- **Convertible Preferred Stock:**

The Fund may invest in convertible preferred stocks which allow the Fund to convert the preferred shares into a fixed number of common shares, usually after a predetermined date.

Like preferred stock, convertible preferred stock generally pays a dividend at a specified rate and has preference over common stock in the payment of dividends.

- **Emerging Markets Risk:**

Investing in emerging markets involves not only the risks described below with respect to investing in foreign securities, but also other risks, including exposure to economic structures that are generally less diverse and mature, limited availability and reliability of information material to an investment decision, and exposure to political systems that can be expected to have less stability than those of developed countries. The market for the securities of issuers in the emerging market typically is small, and a low or nonexistent trading volume in those securities may result in a lack of liquidity and price volatility.

- **Authorized Participants, Market Makers, and Liquidity Providers Concentration Risk:**

Only an Authorized Participant may engage in creation or redemption transactions directly with the Fund. The Fund has a limited number of financial institutions that may act as Authorized Participants. In addition, there may be a limited number of market makers and/or liquidity providers in the marketplace. To the extent either of the following events occur, Fund Shares may trade at a material discount to NAV and possibly face delisting: (i) Authorized Participants exit the business or otherwise become unable to process creation and/or redemption orders and no other Authorized Participants step forward to perform these services, or (ii) market makers and/or liquidity providers exit the business or significantly reduce their business activities and no other entities step forward to perform their functions.

- **Asset Class Risk:**

The returns from the types of securities in which the Fund invests may underperform returns from the various general securities markets or different asset classes. This may cause the Fund to underperform other investment vehicles that invest in different asset classes. Different types of securities (for example, large-, mid-, and small-capitalization stocks) tend to go through cycles of doing better — or worse — than the general securities markets. In the past, these periods have lasted for as long as several years.

- **Issuer Risk:**

The value of a specific security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than those of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments. The value of each Underlying Pool will be dependent on the success of the Managed Futures strategies used by its manager or managers. Certain managers may be dependent upon a single individual or small group of individuals, the loss of which could adversely affect their success.

- **Portfolio Turnover Risk:**

A higher portfolio turnover may result in higher transactional and brokerage costs associated with the turnover, which may reduce the Fund's return unless the securities traded can be bought and sold without corresponding commission costs. Active trading of

securities may also increase the Fund's realized capital gains or losses, which may affect the taxes you pay as a Fund shareholder.

- **Non-Diversification Risk:**

The Fund is non-diversified. This means that it may invest a larger portion of its assets in a limited number of companies than a diversified fund. Because a relatively high percentage of the Fund's assets may be invested in the securities of a limited number of companies that could be in the same or related economic sectors, the Fund's portfolio may be more susceptible to any single economic, technological or regulatory occurrence than the portfolio of a diversified fund.

- **Trading Price Risk:**

Shares of the Fund may trade on the NASDAQ Exchange above or below (i.e., at a premium or discount to) their NAV. In addition, although the Fund's Shares are currently listed on the Exchange, there can be no assurance that an active trading market for Shares will develop or be maintained. Trading in Fund Shares may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in Shares inadvisable. In addition, trading in Shares is subject to trading halts caused by extraordinary market volatility pursuant to the Exchange's "circuit breaker" rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of a Fund will continue to be met or will remain unchanged or that the Shares will trade with any volume, or at all. In stressed market conditions, the market for a Fund's Shares may become less liquid in response to deteriorating liquidity in markets for underlying portfolio holdings, which could lead to differences between the market price of the Fund's shares and the underlying value of such Fund's portfolio holdings.

- **Quantitative Investment Approach Risk:**

The Funds utilize a combined approach of quantitative and qualitative analysis. The Funds employ a number of quantitative filters in identifying a broad array of entrepreneurial companies, and then the Funds perform fundamental analysis in determining its final stock selection. While the portfolio manager reviews and refines the investment approach when necessary, there may be market conditions in which the quantitative or qualitative investment approaches perform poorly.

- **Index Risk:**

The performance of the ERShares U.S. Small Cap Fund may diverge from that of the Russell 2000 Index. The performance of the ERShares Entrepreneurs ETF may diverge from that of the Russell 1000 Growth Index. The performance of the ERShares NextGen Entrepreneurs ETF may diverge from that of the FTSE Global ex US Small Cap Index.

- **Valuation Risk:**

The value of the securities in the Funds' portfolio may change on days when shareholders will not be able to purchase or sell the Funds' shares.

Please refer to the Funds' offering documents for disclosure of risks related to investing in the Funds.

- **Security Futures and Options Risks:**

In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in managed accounts. In addition, Capital Impact's investments in security futures and options may encounter a lack of a liquid secondary market and any resulting inability to close such a position prior to its maturity date may impact performance.

- **Cybersecurity Risk:**

Investment advisers and their service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally (including, for example, through cyber- attacks known as "phishing" and "spear-phishing"), denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Cyber-attacks may interfere with the processing of transactions, cause the release of private information or confidential information of Capital Impact Advisors, cause reputational damage, and subject Capital Impact Advisors to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. While Capital Impact Advisors has established business continuity plans and systems designed to prevent such cyber-attacks, there are limitations in such plans, including the possibility that certain risks have not been identified.

Item 9: Disciplinary Information

There have been no disciplinary actions against Capital Impact or any of its employees within the last ten years by:

- Any domestic, foreign, or military court,
- The SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority, or
- Any self-regulatory organization (SRO).

Item 10: Other Financial Industry Activities and Affiliations

Capital Impact Advisors, LLC serves as the investment adviser to the ERShares U.S. Small Cap Mutual Fund, , ERShares Entrepreneurs ETF, and ERShares NextGen Entrepreneurs ETF.

Capital Impact's principal executive officer, Dr. Joel M. Shulman, also serves in the same capacity for EntrepreneurShares, LLC ("EntrepreneurShares"), an SEC registered investment adviser, and Seaport Global Advisors, LLC ("Seaport"), another SEC-registered investment adviser. Seaport and EntrepreneurShares are the adviser and sub-adviser (respectively) to the ERShares Global Fund.

Capital Impact, EntrepreneurShares, and Seaport are under the common control and majority ownership of Dr. Joel M. Shulman. These relationships do not create a material conflict of interest. There are no evident conflicts of interest resulting from hiring an affiliated sub-adviser since each product holds a differentiated strategy.

Eva Adosoglou is the COO of all entities responsible for the management of the EntrepreneurShares Series Trust. This includes Capital Impact Advisors, and its affiliates LLC, Seaport Global Advisors, LLC, and EntrepreneurShares, with each entity serving as either adviser or sub-adviser to the EntrepreneurShares Series Trust.

Mihai Prisacariu is the CCO of all entities responsible for the management of the EntrepreneurShares Series Trust. This includes Capital Impact Advisors, and its affiliates LLC, Seaport Global Advisors, LLC, and EntrepreneurShares, with each entity serving as either adviser or sub-adviser to the EntrepreneurShares Series Trust.

The Pentegra Defined Benefit Plan for Financial Institutions (the "Pentegra DB Plan"), a tax qualified pension plan and trust holds a 25% equity stake in Capital Impact Advisors. The Pentegra DB Plan received its ownership in Capital Impact Advisors in February 2014 in exchange for seeding the ERShares US Small Cap Fund and the ERShares US Large Cap Fund (which is currently undergoing the process of being liquidated). Scott Stone currently serves as the President (since March 2015) and Chief Investment Officer (since June 2011) of Pentegra Investors, Inc., where he and his team are responsible for the management and oversight of the investment processes governing approximately \$8 billion in assets, comprised of both public and private holdings of fixed income, equity, real estate, hedge fund, and other alternative investments.

Mr. Stone is an interested person of the Funds because Pentegra Investors, Inc is an affiliate of the Pentegra Defined Benefit Plan for Financial Institutions (the "Pentegra DB Plan"), a tax-qualified pension plan and trust that holds a 25% equity stake in Capital Impact Advisors, LLC, the investment adviser to the ERShares US Small Cap as well as the ERShares Entrepreneurs and ERShares NextGen Entrepreneurs ETFs,. The insight and approval of Mr. Stone on strategic decisions regarding the advisers to the Funds is sought by Dr. Shulman, who is the control person of the advisers to the Funds.

Capital Impact does not have any other financial industry activities or affiliations that are material to its advisory business.

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

Code of Ethics

Rule 204A-1 under the Investment Advisers Act of 1940 (the "Advisers Act") requires federally registered investment advisers to establish, maintain and enforce written codes of ethics that include, among other matters, standards of business conduct required of "supervised persons," provisions requiring supervised persons to comply with applicable

federal securities laws, provisions requiring "access persons" to report their personal securities transactions and holdings and obtain approval before they acquire beneficial ownership of any security in an initial public offering or private placement. This Code has been adopted by the Firm and is intended to comply with Advisers Act Rule 204A-1 and Investment Company Act Rule 17j-1.

Capital Impact has adopted a Code of Ethics pursuant to Rule 204A-1 and Rule 17j-1 that sets forth the standards of business conduct required of Capital Impact's Supervised Persons and requires an affirmative commitment that all Supervised Persons will comply with federal securities laws.

Capital Impact will provide a copy of the Firm Code of Ethics to any client or prospect upon request.

Recommend Securities with Material Financial Interest

Capital Impact receives a fee for its role as adviser to the ERShares U.S. Small Cap Mutual Fund, ERShares Entrepreneurs ETF, and ERShares NextGen Entrepreneurs ETF ("Funds"). Capital Impact does not place the Funds in a client's account when the client's investment objectives seek such an investment opportunity. Yet, direct ownership of the individual securities may not be cost effective due to the size of the client's account. In which case, the client may invest in the Funds outside of their Capital Impact account directly with their broker or custodian. The Funds are not held in a client's account, and their value is not included in the account value when computing Capital Impact's management fee.

Capital Impact Advisors can and does invest client assets in Funds in which the firm and/or its Supervised Persons has material financial interest. Capital Impact Advisors is adviser to ERShares Entrepreneurs ETF (Ticker: ENTR), and ERShares NextGen Entrepreneurs ETF (Ticker: ERSX) ("Funds") and receives an advisory fee from the Funds for assets invested in any of these Funds. Capital Impact Advisors also serves as advisor for the ERShares U.S. Small Cap Fund (Ticker: IMPAX) and receives compensation from the Funds for assets invested in these Funds. In addition, some Supervised Persons of Capital Impact Advisors have a financial interest in the ERShares Global Mutual Fund (Ticker: ENTIX). ENTIX is advised by Seaport and sub-advised by EntrepreneurShares. Capital Impact, EntrepreneurShares, and Seaport are under common control.

Capital Impact Advisors mitigates this conflict by adhering to the Client's stated investment objective. Additionally, Capital Impact Advisors will honor any written client request to not purchase the Funds within the clients' account wherein Capital Impact Advisors or a Supervised Person has a material financial interest.

Invest in Same Securities Recommended to Clients

Supervised Persons of Capital Impact may buy or sell securities for themselves that they also recommend to clients. Where a transaction for a Supervised Person, or an account related to a Supervised Person, is contemplated, a client's transaction is given priority.

Capital Impact imposes the following guidelines and procedures on securities trading by its employees:

Capital Impact's policy is to consider the effects of various types of trading, including short term trading and trading in new issues as a potential conflict of interest. All purchases and sales of securities require pre-clearance.

Approval may be refused for any proposed trade by an employee that:

1. Involves a security that is being or has been purchased or sold by Capital Impact Advisors on behalf of any client/investor account or is being considered for purchase or sale
2. Is otherwise prohibited under any internal policies of Capital Impact Advisors (such as Capital Impact Advisors' Policy and Procedures to Detect and Prevent Insider Trading)
3. Breaches the employee's fiduciary duty to any client/investor
4. Is otherwise inconsistent with applicable law, including the Advisers Act and the Employee Retirement Income Security Act of 1974, as amended
5. Creates an appearance of impropriety

The Code of Ethics section shall address Capital Impact's specific procedures for these types of investments and trading.

From time to time, Supervised Persons of Capital Impact will have interests in securities owned by or recommended to clients. On occasion, Capital Impact purchases or sells for its advisory accounts securities of an issuer in which Capital Impact or its Supervised Persons also have a position or interest. To mitigate this conflict of interest, Capital Impact requires Access Persons to pre-clear certain personal trades as discussed above.

Item 12: Brokerage Practices

Capital Impact has discretion over client accounts and therefore has the authority to determine without consultation with its client on a transaction-by-transaction basis, the securities to be bought or sold, and the amount of securities to be bought or sold, subject to and in accordance with the investment objective and investment restrictions of the client. Capital Impact manages accounts in which Capital Impact is given authority by the client to select brokers and negotiate commissions. Capital Impact may manage accounts in which the client designates the broker-dealer and registered representative to which brokerage should be directed ("directed brokerage"). Under those circumstances, Capital Impact may not be authorized to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under those circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct Capital Impact to use a particular broker-dealer and those clients who do not. Finally, under those circumstances, if the client was referred to Capital Impact by the particular broker-dealer, Capital Impact has a potential conflict of interest in receiving future referrals from such broker-dealer. In order to mitigate this conflict, Capital Impact conducts best

execution meetings in which trades and brokers are reviewed. Capital Impact did not receive a client referral from a broker-dealer during the past fiscal year. Capital Impact Advisors has not engaged in client referral services with any of the broker-dealers with whom we direct trades for execution.

Research Benefits

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law.

Capital Impact Advisors seeks to obtain quality execution at favorable security prices through responsible broker-dealers, at competitive commission rates. However, higher brokerage commissions may be paid in return for brokerage as well as research and services with soft dollar commitments/arrangements. A soft dollar commitment/arrangement is viewed by Capital Impact as a commitment, understanding, or agreement to pay increased commissions or direct trades to a broker-dealer, in exchange for the receipt of research.

Capital Impact effects transactions for clients with certain broker-dealers who provide Capital Impact with research or brokerage products and services, providing lawful and appropriate assistance to Capital Impact in the performance of its investment decision-making responsibilities, subject to the Firm’s obligation to seek best execution for its client accounts. The Firm will not cause its clients to use trade commissions for purposes other than for eligible brokerage and research services. In determining whether a service or product qualifies as brokerage and research services under Section 28(e), the Firm evaluates whether the service or product provides lawful and appropriate assistance in carrying out its investment decision-making responsibilities for the benefit of all client accounts. Research and brokerage products and services received from broker-dealers are supplemental to Capital Impact’s own research efforts and are to be used to service all client accounts. Research services furnished by brokers through which Capital Impact effects transactions are used in servicing all of its accounts and not all such services may be used by us in connection with the accounts which paid commission to the broker providing services. Capital Impact Advisors believes that the use of research services will benefit the investment decision process and therefore all clients as well.

Research services received from broker-dealers include research tools that provide continuously updated financial news as well as historical information, such as but may not be limited to Capital IQ. The firm also receives access to portfolio management tools that assist Capital Impact Advisors in managing portfolio risk and qualified brokerage-related services that we use to facilitate client trading, such as but may not be limited to Bloomberg. Capital Impact Advisors can also receive information on securities markets, the economy, individual companies, statistical information, technical market action, pricing and appraisal services, and credit analyses. These arrangements are intended to comply with Section 28(e) and the SEC’s related interpretive guidance.

Capital Impact Advisors acquires services that have a mixed-use, including but may not be limited to Bloomberg. In the case of mixed-use items, the Firm allocates a percentage of soft and hard dollars to the service acquired. This allocation is based on a good faith determination of the portion of the service that is considered to be used in the investment decision-making process versus the portion that is not. The portion that is used for investment decision-making is permitted to be paid for using soft dollars, while the remaining portion is paid for with hard dollars. In such cases, Capital Impact Advisors has an incentive to allocate a higher soft dollar portion of the allocation based on its interest in receiving such products or services; however, the Firm has established policies and procedures to periodically review its allocation process and resulting allocations.

When Capital Impact Advisors utilizes client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to pay for the research, products or services. As a result, the Firm has an incentive to select or recommend a broker-dealer based on its interest in receiving these products or services rather than on its clients' interest in receiving most favorable execution. The Firm has adopted soft dollar policies and procedures and will only choose such broker-dealers when the execution complies with the principles of best execution. Additionally, the Firm utilizes soft dollar benefits to service all accounts and does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

For accounts for which Capital Impact is given authority to select brokers and negotiate commission rates, Capital Impact's policy in selecting brokers is to obtain the best combination of price and execution. In determining the best combination of price and execution, Capital Impact considers the full range and quality of a broker-dealer's services including the value of research provided, execution, clearance and settlement capabilities, commission rates, financial responsibility, length and quality of the business relationship with Capital Impact, trust and confidence in the broker-dealer, and overall responsiveness to Capital Impact.

At the request of a client or prospective client, the firm may occasionally recommend the services of a broker. The primary factors considered when recommending a broker are custodial service capabilities and competitive commission rates. In no instance are commission rates of the recommended broker higher than those obtained from other brokers for similarly traded accounts, nor are clients recommended to a specific broker to pay for research services used by Capital Impact.

Clients should be aware that the receipt of economic benefits by Capital Impact described above, in and of itself, creates a potential conflict of interest and may directly or indirectly influence Capital Impact's recommendation of those service providers for custody and brokerage service. In order to mitigate such conflicts of interest, Capital Impact Advisors has adopted policies and procedures reasonably designed to ensure that the value, type, and quality of any services it receives from broker-dealers are permissible under applicable law.

Trade Aggregation

In the event that Capital Impact determines a particular security to be an appropriate investment for more than one client, a single “bunched” order may be placed for the total number of securities to be purchased. In a bunched order, shares are allocated among the individual accounts prior to being placed with the broker-dealer. Individual client accounts participating in bunched trades are charged average brokerage commission rates and receive the average price on the execution of the trade. In the event that a bunched trade is not completed in one day, the completed amount is allocated as a percentage of each account’s portion of that trade. Smaller or incomplete trades may be allocated first in an attempt to avoid excess trading cost.

Trade Errors

It is Capital Impact’s policy that the utmost care is taken in making and implementing investment decisions on behalf of client accounts. If any errors occur, they are to be: (a) corrected as soon as practicable and in such a manner that the client incurs no loss, (b) reported to the CCO, and (c) scrutinized carefully with a view toward implementing procedures to prevent or reduce future errors, if necessary.

Item 13: Review of Accounts

Capital Impact invests money according to the separate strategies it has developed and is willing to develop customized portfolios tied to the needs and desires of an individual client. Our management reviews the performance of accounts invested within a single strategy on a daily basis.

Client accounts are under continuous review to maintain portfolios in line with ERShares U.S. Small Cap, ERShares Entrepreneurs, and ERShares NextGen Entrepreneurs Strategies as well as customized separately managed accounts and portfolios.

The Firm shall provide its clients, who receive account supervisory or management services, at least annually a written summary of the client’s account which will include the name, quantity, and market value of each security under management, and the total value of cash and securities under management. Separately managed account clients may also receive periodic publications we produce. Other year-to-date performance reports (for example, realized/unrealized gains/losses) are generated per client request.

Mutual fund clients receive quarterly statements of their holdings and activity directly from the administrator of the mutual fund. Mutual fund clients may also receive quarterly updates on the fund’s performance and strategy from Capital Impact. Finally, mutual fund clients receive semi-annual and annual financial statements for the funds.

Exchange-Traded Fund (“ETF”) clients receive quarterly statements of their holdings and activity directly from the administrator of the ETF. ETF clients may also receive quarterly updates on the fund’s performance and strategy from Capital Impact. Finally, ETF clients receive semi-annual and annual financial statements for the funds.

Item 14: Client Referrals and Other Compensation

Incoming Referrals

Effective October 28, 2021 the firm engaged in a wholesale marketing agreement with Vigilant Distributors, LLC. The distributor will use its commercially reasonable efforts and time on behalf of the Adviser to market the Funds and Advisory Services to Financial Intermediaries. The firm is paying a monthly flat fee for the services the distributor is providing, in addition to paying a percentage of the assets raised.

Capital Impact mutual funds and exchange traded funds purchased through a broker-dealer, or other financial institution (such as a bank) may result in a payment to the salesperson or institution for the sale of the funds and related services. These payments may create a conflict of interest by influencing the salesperson or institution to recommend the Capital Impact mutual funds over another investment.

Item 15: Custody

Capital Impact does not maintain physical custody of client assets and is not deemed to have custody with respect to the investment company clients.

For separately managed accounts, the firm does not accept or maintain physical custody of client assets and will work with the client to identify an appropriate third-party custodian for the clients' assets. In the event that a separately managed account client authorizes Capital Impact to deduct their advisory fee directly from the custodial account, Capital Impact will be deemed to have custody of the account and will comply with the SEC rules and guidance regarding custody of client assets. In addition, clients in separately managed accounts will receive statements from the custodian on at least a quarterly basis showing all transactions within the account during the reporting period, including our management fee. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the fee calculation and transactions. Clients should contact us directly if they believe that there may be an error on their statement. Also, clients should compare the statements they receive from the custodian to the statements received from the firm.

Item 16: Investment Discretion

When providing Investment Management Services, Capital Impact Access Persons may exercise discretion when granted authority to do so by clients; and most clients grant such authority to Capital Impact. When doing so, it allows Capital Impact to select the securities to buy and sell, the amount to buy and sell when to buy and sell, and the commission rate paid without obtaining specific consent from the client for each trade. We have full discretion, and therefore limitations imposed by discretionary authority from clients with SMA requests are accepted. Clients should be aware that representatives may make

different recommendations and effect different trades with respect to the same securities to different advisory clients. New deposits into the ERShares U.S. Small Cap Fund, ERShares Entrepreneurs ETF, and ERShares NextGen Entrepreneurs ETF (the “Funds”) may be invested differently than new deposits in separately managed accounts invested in the same strategy due to the frequency of deposits into the Funds. Commissions and execution of securities transactions implemented through the custodian/broker-dealer recommended by Capital Impact may not be better than the commissions or execution available if the client used another brokerage firm. However, Capital Impact believes that the overall level of services and support provided to the client by custodians and broker-dealers whom Capital Impact recommends outweighs the potentially lower costs that may be available from other brokerage service providers.

Capital Impact uses its best judgment and good faith efforts in rendering services to clients. Capital Impact cannot warrant or guarantee any particular level of account performance or that an account will be profitable over time. Not every investment decision or recommendation made by Capital Impact will be profitable. The client assumes all market risk involved in the investment of account assets and understands that investment decisions made are subject to various markets, currency, economic, political, and business risks.

Item 17: Voting Client Securities

Capital Impact Advisers has the direct authority to vote on client securities, unless otherwise described in an investment advisory agreement. EntrepreneurShares Series Trust is engaged with Broadridge Financial Solutions, Inc (“Broadridge”). Broadridge serves as a proxy voting service for EntrepreneurShares Series Trust. The following information briefly summarizes Capital Impact's policy and procedures regarding how Capital Impact votes proxies when providing advisory services to its clients.

Guiding Principles: Capital Impact’s policy and procedures relating to voting proxies are designed to ensure that proxies are voted in the best interests of the clients. The policies and procedures do not apply to those situations where the client has retained voting discretion. In such cases, proxy information can be obtained directly from the broker. Furthermore, Capital Impact will cooperate with the client to ensure proxies are voted as directed by the client.

Primary Objective: In general, proxies are voted in a manner designed to maximize the value of client investments. In evaluating a particular proxy proposal, Capital Impact will take into consideration, among other things: the period of time over which the voting shares of the company are expected to be held, the size of the position, the costs involved in the proxy proposal, and the existing governance documents of the affected company, as well as its management and operations. Proxy proposals that change the existing status of a company will be reviewed to evaluate the desirability of the change and to determine the benefits to the company and its shareholders. However, Capital Impact's primary objective is always to protect and enhance the economic interests of its clients.

Generally, it is Capital Impact's policy to vote in accordance with management's recommendations.

Exceptions: When Capital Impact believes management is acting on its own behalf, instead of on behalf of the well-being of the company and its shareholders, or when Capital Impact believes that management is acting in a manner that is adverse to the rights of the company's shareholders. Capital Impact will take steps to represent the interests of its clients and, as a result, may elect to vote against management's recommendations.

In situations where Capital Impact is extremely displeased with management's performance, it may withhold votes or vote against management's slate of directors and other management proposals as a means of communicating its dissatisfaction.

Other Factors Capital Impact Considers: Capital Impact recognizes that the activity or inactivity of a company with respect to matters of social, political, or environmental concern may have an effect upon the economic success of the company and the value of its securities. However, Capital Impact does not consider it appropriate, or in the interests of its clients, to impose its own moral standards on others. Therefore, it normally supports management's position on matters of social, political, or environmental concern, except where it believes that a different position would be in the economic interests of company shareholders.

Conflicts: In evaluating a proxy proposal, there may be instances where the interests of Capital Impact may conflict or appear to conflict with the interests of its clients. For example, Capital Impact may manage a pension plan of a company whose management is soliciting proxies, and there may be a concern that Capital Impact would vote in favor of management because of its relationship with the Firm. In such situations, Capital Impact will, consistent with its duty of care and duty of loyalty, vote the securities in accordance with its pre-determined voting policy but only after disclosing the conflict to clients and affording the clients the opportunity to direct Capital Impact in the voting of such securities.

Voting Procedures: All proxy proposals are voted on an individual basis. In general, when a conflict exists, Broadridge will notify Capital Impact, and Capital Impact will determine whether the proxy may be voted or whether it should be referred to the client (or another fiduciary of the client) for voting purposes. Alternatively, Capital Impact may consult directly with a client to obtain the client's consent before voting the proxies. Capital Impact will not refrain from voting proxies just because a conflict exists because Capital Impact has a fiduciary duty to take action on all proxies.

Clients may retain proxy voting rights. Unless a client notifies Capital Impact Advisors that Client will retain proxy voting rights, Capital Impact Advisors will vote proxies in accordance with the firm's stated proxy voting policy, generally to vote with management recommendation.

Capital Impact Advisors votes proxies for the Fund in accordance with the Fund SAI and generally votes as management recommends or sells the stock prior to the board meeting. When management makes no recommendation, Capital Impact Advisors will not vote proxies unless we determine that the failure to vote would have a material adverse effect on the Fund or client. If Capital Impact Advisors determines that the failure to vote would have a material adverse effect on the Fund or client, we will vote in accordance with what we believe are the economic best interests of the Fund or client. In the event that a vote presents a conflict of interest between Capital Impact Advisors and the Fund or client, we will disclose the conflict to the Fund Board or client and, consistent with our duty of care and duty of loyalty, "echo" vote the securities (namely, vote for and against the proposal in the same proportion as all other shareholders).

For additional information regarding the Firm's proxy voting policies and procedures, or to obtain a proxy voting report detailing how a proxy was voted, clients should contact us at 617-279-0045 or by email at info@ershares.com.

Item 18: Financial Information

Financial Condition

Capital Impact does not receive fees of more than \$1,200 six months or more in advance. Thus, no financial statement for Capital Impact is attached. There are no financial issues that are likely to impair Capital Impact's ability to meet its contractual commitment to any client.