

**ITEM 1 – COVER PAGE**

# **Greenspring Associates, Inc.**

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This brochure provides information about the qualifications and business practices of Greenspring Associates, Inc. (“Greenspring” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 410-363-2725 or [finance@gspring.com](mailto:finance@gspring.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.

Additional information about Greenspring is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT GREENSPRING OR ANY PRINCIPALS OR EMPLOYEES OF GREENSPRING POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

## **ITEM 2 – MATERIAL CHANGES**

The following is a summary of only the material changes to Greenspring's business since the last update to Greenspring's Form ADV Part 2. The following is a summary only and should be reviewed in context with the more detailed disclosure provided elsewhere in this brochure.

### *Summary of Material Changes*

Effective as of April 30, 2012, the Crossover Fund exited its public portfolio and Greenspring is no longer affiliated with Kidogo Capital Management, LLC.

Effective as of June 29, 2012, John Spilman is no longer an employee of Greenpring. This brochure has been updated accordingly to omit John Spilman's Brochure Supplement.

Effective as of July 31, 2012, Will Repath is no longer an employee of Greenpring. This brochure has been updated accordingly to omit Will Repath's Brochure Supplement.

Item 8 of this brochure has been updated to omit risks specific to the public portfolio of the Crossover Fund that are no longer applicable.

Item 10 of this brochure has been updated to omit disclosures regarding the affiliation of Greenspring with Kidogo Capital Management, LLC that are no longer applicable.

Item 13 of this brochure has been updated to omit account review procedures specific to the public portfolio of the Crossover Fund that are no longer applicable.

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#### **ITEM 4 – ADVISORY BUSINESS**

Greenspring is a Delaware corporation formed in 2000. C. Ashton Newhall and James Lim jointly own 100% of Greenspring.

Greenspring provides financial and investment advisory services as required for the benefit of various private investment funds as well as certain investment accounts (collectively, the “Greenspring Funds”). A related person of the Adviser generally acts as general partner of each Greenspring Fund. The Adviser controls investments made on behalf of many of the Greenspring Funds (such as Greenspring Funds, the “Greenspring Discretionary Funds”) and makes investment recommendations on behalf of other Greenspring Funds (such as Greenspring Funds, the “Greenspring Advisory Funds”). The Adviser takes whatever actions are necessary to monitor the activities of any investments made by the Greenspring Funds and the financial position of the general partners of the Greenspring Discretionary Funds. The majority of investments recommended by the Adviser are not publicly traded and include investments in venture and private equity investment funds. The Adviser may also make buy/sell/hold decisions with respect to the securities of public and private companies held by the Greenspring Funds. The Adviser manages all of the Greenspring Discretionary Funds on a discretionary basis in accordance with the terms and conditions of each Greenspring Discretionary Fund’s Governing Documents (as defined below). The Adviser manages the Greenspring Advisory Funds on a non-discretionary basis in accordance with the terms of each Greenspring Advisory Fund’s Governing Documents.

Interests in the Greenspring Funds are offered exclusively to accredited investors pursuant to Section 3(c)(1) and/or qualified purchasers pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). In general, the Greenspring Funds are formed to make, hold and dispose of privately negotiated equity and equity-related investments.

The Adviser tailors its advisory services to the specific investment objectives and investment restrictions of each Greenspring Fund pursuant to the confidential private placement memorandum, limited partnership agreement and other governing documents of such Greenspring Fund (the “Governing Documents”). Investors and prospective investors should refer to the Governing Documents for more complete information on the investment objectives and investment restrictions with respect to such Greenspring Fund. There is no assurance that any of the Greenspring Funds’ investment objectives will be achieved.

In accordance with common industry practice, one or more of the Greenspring Fund general partners may enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants such investors specific rights, benefits, or privileges that are not generally made available to investors. The Adviser does not enter into such side letters if they would cause a material change in the investment objectives of the Greenspring Funds.

The Adviser does not participate in wrap fee programs.

As of March 30, 2013, the Adviser has \$2.4308 billion under management on a discretionary basis and \$28.5 million under management on a non-discretionary basis.

Greenspring Back Office Solutions, LLC ("GBOS"), an affiliate of Greenspring, was established in 2010. GBOS provides certain administrative and back office support functions to certain Unaffiliated Funds in exchange for a fee. As an incentive for one or more Unaffiliated Funds to contract with GBOS, Greenspring may, from time to time, offer to assist an Unaffiliated Fund, on such Unaffiliated Fund's request, in certain matters among which may include reviewing potential investment opportunities, monitoring certain investments and reporting on the status of investments. Greenspring will not receive a fee for any such assistance, but will be reimbursed for any out-of-pocket expenses related thereto. GBOS shares employees and office space with Greenspring.

The Adviser from time to time uses the distribution management services of T.Rowe Price Associates, Inc. ("T.Rowe Price"), wherein T.Rowe Price is provided with the authority to sell publicly-traded securities that are received by the Greenspring Funds. Accordingly, T.Rowe Price may be considered a sub-adviser with respect to certain of the Greenspring Funds. The Adviser's use of T.Rowe Price is subject to its obligation to seek best execution for its clients, investors or potential investors, as discussed in Item 12. T.Rowe Price is also an investor in certain Greenspring Funds.

## **ITEM 5 – FEES AND COMPENSATION**

### *Compensation and Fee Schedules*

All investors should review the Governing Documents of each applicable Greenspring Fund in conjunction with this brochure for more complete information on the fees and compensation payable with respect to such Greenspring Fund.

For its advisory, administrative and management functions, the Adviser generally receives an advisory fee from each of the Greenspring Funds equal to a percentage of the commitments to a Greenspring Fund, the total amount of capital committed to underlying portfolio funds and/or portfolio companies of a Greenspring Fund, the cost basis or the fair market value of a Greenspring Fund's investments. The percentage amount varies with the type of Greenspring Fund and over the life of the Greenspring Fund, and where paid, generally ranges from 0.1% to 2.0% annually, as negotiated and determined at the time a Greenspring Fund or advisory arrangement is established.

In addition, in most cases, a related person of the Adviser receives performance-based compensation, usually in the form of a percentage of the cumulative net profits attributable to the Greenspring Funds or a portion of the investments made by such Greenspring Funds (commonly known as "carried interest"). The carried interest is generally equal to 20% of a Greenspring Fund's cumulative net profits attributable to direct investments (i.e., direct investments in operating companies), if applicable, and 5% or 7% of a Greenspring Fund's cumulative net profits attributable to investments in venture and private equity investment funds.

In certain circumstances, fees may be negotiable. Investors and prospective investors in each Greenspring Fund should refer to the Governing Documents of the applicable Greenspring Fund for more complete information on the fees charged by the Adviser.

Investors should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

#### *Deduction of Fees*

The specific manner in which fees are charged by the Adviser is set forth in each Greenspring Fund's Governing Documents. The Adviser will directly debit fees from the Greenspring Funds' accounts on a quarterly basis.

#### *Third Party Management Fees*

Each venture or private equity investment vehicle in which a Greenspring Fund acquires an interest will pay management fees, carried interest, and other expenses to a management company and/or general partner that is not affiliated with the Adviser. Fees paid to the Adviser for investment advisory services are separate and distinct from the fees and expenses charged by the independent investment adviser and/or general partner for that entity's advisory/management services.

#### *Other Fees and Expenses*

In addition to advisory fees and carried interest paid to the Adviser or its related persons and advisory fees, carried interest and fees paid to third parties in connection with certain venture and private equity investments (as discussed in the preceding paragraphs of this Item 5), the Greenspring Funds pay, and ultimately the investors assume responsibility for, other types of fees and expenses as specified in the applicable Governing Document(s) of each Greenspring Fund and this brochure. Typically, each Greenspring Fund bears all costs and expenses in connection with its operation and investments (other than the costs and expenses that will be the responsibility of the Adviser, which are typically salaries and benefits of personnel and the cost of maintaining the Adviser's place of business).

Greenspring Fund expenses may include, but are not limited to, the following: organizational expenses (including any expenses, legal or otherwise, incurred to form the Greenspring Fund and its general partner(s), draft the Governing Document(s) of the Greenspring Fund and its general partner(s), negotiate the terms of the Greenspring Fund's Governing Document(s) with prospective investors, and prepare, draft and negotiate side letters relating to certain investors' investments in the Greenspring Fund); syndication costs (including but not limited to marketing costs; legal or other expenses incurred to prepare, draft and negotiate placement agent agreements and the Greenspring Funds' Private Placement Memorandum; production costs of any offering memorandums or promotional materials which may include an allocation of costs of in-house counsel to the Adviser; and transportation, lodging, and any other expenses incurred by employees during travel for fundraising); placement agent expenses paid by retainer; any expenses associated with the winding-up and liquidation of the Greenspring Fund and its general partner(s); expenses attributable to any alternative investment vehicles, special purpose vehicles or blocker entities with respect to the Greenspring Fund; sales or other taxes; duties, fees or government charges which may be assessed against the Greenspring Fund and its general partner(s); fees and expenses of members of any advisory board(s) and/or advisory committee(s) established pursuant to the terms of the Greenspring Fund's Governing Document(s) (including but not limited to transportation, lodging, and any other expenses incurred in connection with board or committee members'

attendance at meetings of such board(s) and/or committee(s), and honorariums paid to such board or committee members); all costs and expenses of hosting conferences for, or holding formal or informal, individualized or group, meetings with, investors (including but not limited to travel-related expenses, transportation, actual meals and lodging for all employees of the Adviser who attend, all expenses associated with guest speakers, meeting venue expense, meeting materials, meeting supplies (including any associated shipping costs), and any other out-of-pocket expenses incurred by the Greenspring Fund, its general partner(s) or the Adviser in connection with such conferences or meetings or preparation thereof), including any “annual” meetings, including venue, meals, audio-visual, and other meeting expenses, and any expenses attributable to any activities and/or entertainment associated with such meetings (it being understood that reasonable costs attributable to attendees who are representatives or guests of partners of the Greenspring Fund, its general partner(s) or the Adviser, the general partner(s) of the Portfolio Funds in which the Greenspring Fund(s) and/or successor funds invest, representatives from the Portfolio Companies in which the Greenspring Fund(s) and/or successor funds invest, and service providers to the Greenspring Fund shall also be borne by the Greenspring Fund); interest expense for borrowed money; expenses relating to litigation and threatened litigation involving the Greenspring Fund (including but not limited to the cost of responding to claims or demands and indemnification expenses, but only to the extent permitted under the applicable Governing Document(s)); expenses attributable to automated reporting systems and other “back office” support functions (including but not limited to any costs associated with accounting software); expenses attributable to normal and extraordinary investment banking, commercial banking (including but not limited to bank account fees, wire fees, and foreign exchange fees charged by the Greenspring Fund’s bank), accounting (including but not limited to expenses associated with the preparation and distribution of the Greenspring Fund’s and its general partner(s)’ financial statements, tax returns, tax filings, tax notifications, 83(b) elections, and Schedule K-1s; Delaware and other jurisdiction’s registered agent filings and fees; periodic audits; and audits conducted by the Internal Revenue Service or other state and governmental agencies having jurisdiction over the Greenspring Fund, its general partner(s) or the Adviser (including expenses associated with actions taken by the Greenspring Fund or its general partner(s) in preparation for, and in response to, any such audits)), appraisal, legal (including but not limited to fees incurred for regular maintenance or to form amend or otherwise modify any applicable Governing Document(s) of a Greenspring Fund or its general partner(s), and fees incurred for the review of the legal documents of portfolio investments which may include an allocation of the costs of in-house legal counsel to the Adviser), custodial, annual independent portfolio company or fund valuation services, consulting (including services with respect to the proposed purchase or sale of securities by the Greenspring Fund that are not reimbursed by the issuer of such securities, whether or not any such purchase or sale is consummated, and break-up fees) and registration services (including but not limited to filing fees paid to the appropriate jurisdictions to remain in good standing with the state or country in which the Greenspring Fund and its general partner(s) are organized); expenses relating to the transfer of certain interests of partners within the Greenspring Fund and its general partner(s) to the extent not reimbursed by the transferor or the transferee; premiums for liability insurance to protect the Greenspring Fund, its general partner(s), any service provider, the members of the advisory board(s) and/or advisory committee(s) established pursuant to the terms of the Greenspring Fund’s Governing Document(s), and any of their respective investors, partners, members, stockholders, officers, directors, managers, employees, consultants, agents or affiliates; all fees incurred in connection with the maintenance of bank or custodian accounts; all other direct and indirect expenses relating to the purchase, holding, valuation and disposition of all portfolio

investments, whether or not consummated (including but not limited to investment due diligence such as background checks, IP review, interest on money borrowed by the Greenspring Fund and travel expenses that relate to the investment activities of the Greenspring Fund, commissions or brokerage fees or similar charges (including any merger fees payable to third parties), transaction fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions) and all other expenses incurred to meet and remain compliant with any and all objectives and/or requirements of the Greenspring Fund as specified in the applicable Governing Document(s) or as otherwise required by applicable law.

The Greenspring Funds may incur certain charges imposed by custodians, brokers, and other third parties, such as wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to the Adviser's fee, and the Adviser shall not receive any portion of these commissions, fees, or costs. Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

#### *Timing of Payments*

Advisory fees are generally paid in advance, but some fees may be paid in arrears. Where the fees are payable in arrears, they are not paid until after services have been rendered. Where the fees are payable quarterly in advance and the Adviser's services are terminated before the end of a quarter, a refund of the excess advisory fees will be issued through an online banking cash transfer. The amount of the refund will be prorated from the date on which the applicable advisory agreement was terminated through the end of the quarter.

The Adviser's services may be terminated by any of the Greenspring Funds at any time by prior written notice delivered within a reasonable period of time prior to such termination.

Please refer to the Governing Documents of the applicable Greenspring Fund for more complete information on the timing of advisory fee payments and the termination of advisory services.

#### *Transaction-Based Compensation*

In connection with investments made by certain of the Greenspring Funds, the Adviser and its related persons may receive commitment, structuring, monitoring and other transaction fees from companies in which one or more of the Greenspring Funds may invest or propose to invest. As discussed in Item 14, a percentage of any such benefits will be used to offset the advisory fees payable by the Greenspring Fund(s) with respect to which such benefits are derived.



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

### *Performance-Based Fees*

A related person of the Adviser, as general partner of each Greenspring Fund, will receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of such Greenspring Fund (as described more fully above in Item 5).

All such performance-based compensation is intended to be in compliance with Rule 205-3 of the rules and regulations promulgated by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Fees paid to the general partners of the Greenspring Funds are separate and distinct from the advisory fees charged by the Adviser for advisory services.

Performance-based fee arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Please refer to the Governing Documents of each applicable Greenspring Fund for more complete information on the “performance-based fee” arrangements of such Greenspring Fund.

### *Side-by-Side Management*

Performance-based fee arrangements may create an incentive for the Adviser to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser may provide concurrent advisory services to clients that are not charged a performance-based fee or allocation by the Adviser’s related persons and clients that are charged a performance-based fee or allocation by a related person of the Adviser (and such performance-based fee that is charged, may differ across clients). As a result, the potential for the Adviser’s related persons to receive greater fees or allocations from performance-based accounts creates a conflict of interest with respect to the allocation of investment opportunities, as the Adviser may have an incentive to direct the best investment ideas to, or to allocate investments in favor of, accounts that pay a performance fee or allocation (or the highest performance-based fee). To alleviate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each Greenspring Fund are made by the Adviser with respect to all Greenspring Funds in accordance with the Adviser’s investment allocation policy, which takes into account multiple criteria, including: the specific investment objectives of each Greenspring Fund, the size and capital available for investment by each Greenspring Fund, diversification needs, the size of the investment opportunity, current and anticipated market conditions, specific investment restrictions or guidelines applicable to each Greenspring Fund, and relevant tax or regulatory considerations. In the event investment opportunities are suitable for more than one Greenspring Fund, the Adviser will allocate such investment opportunities in a manner that is fair and equitable to each Greenspring Fund relative to the other Greenspring Funds over time, taking into account all relevant facts and circumstances.

## **Item 7 – Types of Clients**

The Adviser provides advice to investors in the Greenspring Funds. Investors in the Greenspring Funds may include corporations, endowments, foundations, trusts, estates, individuals and pension and profit-sharing plans. Interests in the Greenspring Funds are offered exclusively to accredited investors pursuant to Section 3(c)(1) and/or qualified purchasers pursuant to Section 3(c)(7) of the Investment Company Act. The Greenspring Funds are therefore not required to register as investment companies under the Investment Company Act in reliance upon certain exemptions available to funds whose securities are not publicly offered.

The Adviser or its related persons may establish certain Greenspring Funds (“Feeder Greenspring Funds”) to address certain legal, regulatory or tax issues of certain investors. Each Feeder Greenspring Fund, if formed, would be a limited partner of a Greenspring Fund and interests in such Feeder Greenspring Fund would be held by the investors who elect to participate in the Greenspring Fund through such Feeder Greenspring Fund. In addition, the Adviser or its related persons may form other alternative investment vehicles or special purpose vehicles (collectively, “AIVs”) for the purpose of facilitating certain investments by one or more Greenspring Funds and/or investors. Prospective investors should refer to the Governing Documents of the applicable Greenspring Fund for complete details on any Feeder Greenspring Fund established with respect to such Greenspring Fund and such Greenspring Fund’s ability to make investments through AIVs.

### *Minimum Investment Requirements*

The Adviser and its related persons require that each investor in a Greenspring Fund be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, securities of the Greenspring Funds are not restricted under the Securities Act. Generally, an investor must invest a minimum dollar amount of \$1,000,000 to participate in a Greenspring Fund. The general partner of each Greenspring Fund may waive the minimum investment amount.

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

### *Methods of Analysis*

The Adviser advises the Greenspring Funds with respect to investments in other investment funds and publicly traded and privately held operating companies. The Adviser identifies investment funds and operating companies for consideration from the trade press, other investors (including managers of other investment funds who have previously invested in, or who concurrently intend to invest in, operating companies) and industry sources. The Adviser appraises the capabilities of the investment funds and operating companies based upon numerous sources of information, including but not limited to information furnished by the trade press, information obtained from other investors, reference checks on the investment funds’ managers, SEC filings (if available), consultations with members of the Greenspring Funds’ advisory boards, the Adviser’s industry advisory board and managers of other investment funds, and principally from information obtained

from the investment funds and operating companies themselves in written materials, face-to-face meetings and on-site visits.

The Adviser's general investment strategy may vary across the Greenspring Funds. For most Greenspring Funds, the Adviser will seek to diversify such Greenspring Funds' investment portfolios by participating in portfolios of venture capital and private equity funds as well as directly investing in portfolio companies. Investors should refer to the Governing Documents of the Greenspring Funds for complete information on investment strategies employed with respect to a particular Greenspring Fund.

### *Material Risks*

The task of identifying investment opportunities and managing investments is difficult. There can be no assurance that the Adviser will be able to choose, and the Greenspring Funds will be able to make and/or realize, any particular investment or that the Greenspring Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Greenspring Fund. Investing in the Greenspring Funds involves a risk of loss that investors should be prepared to bear. Investors in the Greenspring Funds should carefully consider, among other factors, the following material risks involved with the Adviser's investment strategies. Investors in the Greenspring Funds should refer to the Governing Documents of the applicable Greenspring Fund for more complete information on the investment strategies employed by such Greenspring Fund and the corresponding risks associated with such investment strategies.

### **General Risks**

**Risks Inherent in Investments in Investment Funds.** The success of the venture capital and private equity funds in which one or more Greenspring Funds invest (collectively, the "Investment Funds") in general is subject to risks related to (i) the quality of the management of the Investment Funds and of the portfolio companies in which the Investment Funds invest, (ii) the ability of the management of the Investment Funds to select successful investment opportunities, (iii) general economic conditions and (iv) the ability of the Investment Funds to liquidate their investments. The portfolio companies in which the Investment Funds invest generally will be companies in an early stage of development or with little or no operating history, companies operating at a loss or with substantial variation in operating results from period to period or companies with the need for substantial additional capital to support expansion or to maintain a competitive position. Such companies may also face intense competition from others, including those with greater resources. There can be no assurance that investments made by the Investment Funds will meet their financial objectives, or that the Investment Funds will return capital. The possibility of a loss of Greenspring Fund capital exists and investors should not invest unless they can readily bear the consequences of such a loss. The success of the Investment Funds depends in substantial part upon the skill and expertise of the Investment Fund managers. There can be no assurance that the key personnel of the Investment Fund managers will continue to be associated with the Investment Funds throughout the life of the Investment Funds. The Adviser will not participate in the management and control of the Investment Funds in which the Greenspring Funds invest, and the success or failure of the Greenspring Funds will rely on the success or failure of the investment decisions made by the management of the respective Investment Funds in which the Greenspring Funds invest.

**Risks Inherent in Direct Investments.** The success of investments in private companies in general is subject to risks related to (i) the ability of the Adviser to identify and invest in quality operating companies, (ii) the ability of the management of the respective operating companies to maintain and develop successful business enterprises given risks including, but not limited to, rapidly developing technology, governmental regulation, market acceptance for new products and services, product obsolescence and lack or loss of qualified management, (iii) general economic conditions and (iv) the ability to liquidate investments. In addition, direct investments will generally include investments in companies in an early stage of development with little or no operating history, companies operating at a loss or with substantial variation in operating results from period to period and companies with the need for substantial additional capital to support expansion or to maintain a competitive position. There can be no assurance that direct investments made by the Greenspring Funds will meet their financial objectives. The possibility of a loss of Greenspring Fund capital exists and investors should not invest unless they can readily bear the consequences of such a loss.

**Availability of Investment Funds and Direct Investments.** No assurance can be given that the Adviser will be able to identify Investment Funds that satisfy the Greenspring Funds' investment objectives, or if the Adviser is successful in identifying such Investment Funds, that the Greenspring Funds will be permitted to invest, or invest in the amounts desired, in such Investment Funds. In addition, there can be no assurance given that the Adviser will be able to identify and complete direct investments that satisfy the Greenspring Funds' investment objectives and strategies, or that their direct investments will be successful.

**Limited Number of Investments.** Although the diversification of the Greenspring Funds' investments (through Investment Funds and direct investments) in a variety of industries is intended to reduce the Greenspring Funds' exposure to adverse events associated with specific issuers or industries, the number of investments by the Investment Funds and the number of direct investments will be limited. As a consequence, the Greenspring Funds' returns as a whole may be adversely affected by the unfavorable performance of even a single investment by a single Investment Fund or a single direct investment.

**Competition.** A significant amount of investment capital is seeking attractive private capital investments. Competition for the most attractive investments is substantial and will tend to limit the number and quality of attractive opportunities. Some of the Adviser's competitors may have more relevant experience, greater financial resources and more personnel than the Adviser. This competition may also affect pricing and valuation of transactions, which could affect returns. Additionally, each Investment Fund manager will make its investment decisions independently. Thus, Investment Fund managers may on occasion be competing with each other for similar opportunities at the same time and may take opposite positions from those taken by the other Investment Fund managers in the same or in a related investment. Such competing or overlapping positions may reduce the overall diversification of the Greenspring Funds' investment portfolios.

**Follow-on Investments.** Some portfolio companies may require significant additional funding after an initial investment by an Investment Fund or a Greenspring Fund. Inability to make a follow-on investment may dilute an Investment Fund's, or a Greenspring Fund's, interest in a portfolio company. In addition, certain portfolio companies may penalize investors who do not continue to

invest in such portfolio company. Accordingly, if an Investment Fund or a Greenspring Fund is unable to participate in a follow-on investment, the Investment Fund's or the Greenspring Fund's returns may be significantly and adversely affected. Alternatively, the manager of an Investment Fund, or the Adviser may seek to fund such "follow on" investments from an affiliated investment fund, which could present a conflict of interest.

**No Assurance of Investment Return.** The Adviser's task of identifying investment opportunities in Investment Funds and direct investments, monitoring such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that the Greenspring Funds will be able to generate returns for their investors. Additionally, investments in venture capital involve significant risk, and there is no assurance that the Greenspring Funds will be adequately compensated for risks taken. Past performance is not necessarily indicative of future performance. Values can fall as well as rise, and an investor may not get back the amount invested.

**Prior Performance Results.** The prior performance of the Adviser or the investment vehicles with respect to which it has provided advisory services is not necessarily indicative of the Greenspring Funds' future results. There can be no assurance that investments by the Greenspring Funds will achieve returns comparable to the historical performance of the Adviser or the investment vehicles with respect to which it has provided advisory services.

**Illiquidity of Interests.** Interests in the Greenspring Funds are highly illiquid, have not been and will not be registered under the Securities Act or applicable state securities laws, have no public market and are not transferable except with the prior consent of the general partner(s) of the applicable Greenspring Fund(s), which consent may generally be withheld in their sole discretion. Withdrawals of interests in the Greenspring Funds are not permitted, except in limited instances when necessary to comply with laws or regulations applicable to an investor. The purchase of an interest in a Greenspring Fund should be considered only by investors willing and able to commit their capital for an appreciable period of time and who can afford a loss of all or a substantial part of such investment.

**Lack of Liquidity of Portfolio Investments.** The investments in Investment Funds and direct investments will be illiquid, difficult to value, subject to legal and other restrictions on transfer, and long-term in nature, requiring a minimum of a number of years from the date of initial investment until the date of exit, if an exit is achieved at all. There are no assurances that the Greenspring Funds will be able to liquidate partnership interests in Investment Funds or their investments in operating companies at the times and on the terms they desire.

**Minority Investments.** The Adviser expects that the majority of the Greenspring Funds' direct investments will be minority stakes in privately held operating companies. In addition, during the process of exiting direct investments, the Greenspring Funds are highly likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Greenspring Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded to majority or controlling stakes. The Greenspring Funds may also invest in companies for which the Greenspring Funds have no right to appoint a director or otherwise exert significant influence. In such case, the Greenspring

Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Greenspring Funds are not affiliated and whose interests may conflict with the interests of the Greenspring Funds.

**Litigation Risks in General.** The Greenspring Funds will be subject to a variety of litigation risks, particularly if one or more of the companies in which the Greenspring Funds or the Investment Funds invest face financial or other difficulties. Legal disputes, involving any or all of the Greenspring Funds, their general partners or their affiliates may arise from the Greenspring Funds' activities and investments and could have a significant adverse effect on the Greenspring Funds.

**Long-Term Investments.** A significant period of time may elapse before a Greenspring Fund has completed its investment program. Investments may take several years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Prior to such time, there often will be no current return on the investments.

**Bridge Financing.** A Greenspring Fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a Greenspring Fund's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a Greenspring Fund.

**Profits Not in Proportion to Contributed Capital.** The capital contributions of the general partners of the Greenspring Funds generally represent only a small portion of the Greenspring Funds' capital. Investors will invest greater amounts and will receive a proportionately smaller interest in the profits of the Greenspring Funds than the Greenspring Funds' general partners. The Greenspring Funds' general partners and the Adviser may have an incentive to make investments that are riskier or more speculative than if the general partners received allocations on a basis identical to that of the investors in the Greenspring Funds or were compensated on a basis not tied to the performance of the Greenspring Funds.

**Multiple Layers of Expense.** Both the Greenspring Funds and the Investment Funds generally impose performance-based allocations or fees, management charges and other expenses that will be borne (directly or indirectly) by the investors. An investment in a Greenspring Fund may therefore result in a greater expense than if investors were able to invest directly in an Investment Fund. Investors should take into account that the return on their investment will be reduced to the extent of both levels of fees.

**Failure to Make Capital Contributions.** Forfeiture of all or a substantial portion of an investor's interest may occur upon its failure to make any installment payment of its commitment. Further, if an investor fails to pay when due installments of its capital commitment to a Greenspring Fund, and contributions made by the non-defaulting investors and borrowings by such Greenspring Fund are

inadequate to cover the defaulted capital contribution, such Greenspring Fund may be unable to pay its obligations when due. As a result, the Greenspring Fund may be subjected to significant penalties that could materially and adversely affect the returns to its investors (including non-defaulting investors).

**Economic and Market Risk.** The portfolio companies in which the Investment Funds and/or the Greenspring Funds invest may be sensitive to general downward swings in the overall economy or in their specific industries or geographies. Factors affecting economic conditions, including, for example, inflation rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, labor issues, technological developments, domestic and worldwide political, military and diplomatic events and trends, natural disasters and innumerable other factors, none of which will be in the control of the Investment Funds or the Adviser, can substantially and adversely affect the business and prospects of the Greenspring Funds. A major recession, adverse developments in the securities market or other adverse developments beyond the control of the Adviser or the managers of the Investment Funds might have an impact on some or all of the Greenspring Funds' investments. In addition, factors specific to a portfolio company may have an adverse effect on an Investment Fund's, or a Greenspring Fund's, investment in such portfolio company. The Adviser may rely upon its own or an Investment Fund manager's projections concerning the Investment Fund's future performance in making investment decisions. Such projections are inherently subject to uncertainty and to certain factors beyond the control of the Investment Fund and the Adviser.

**Foreign Investments.** The Greenspring Funds may make investments outside of the U.S. via an Investment Fund or a direct investment. Foreign securities involve certain factors not generally associated with investing in U.S. securities, including, among other things, currency exchange issues, economic and political risks, risks of frequent changes to tax legislation, confiscatory taxation, the imposition of foreign taxes on items of income and gain allocable to investors and tax return filing requirements imposed on investors.

**Recycling.** The general partners of the Greenspring Funds may have the option to recycle proceeds of investments for reinvestment and to pay fees and expenses of the Greenspring Funds. Accordingly, during the term of a Greenspring Fund, to the extent amounts are reinvested in investments, an investor may remain subject to investment and other risks associated with such reinvestments. Additionally, the general partners of the Greenspring Funds may commit in excess of the Greenspring Funds' commitments to underlying Investment Funds. If a Greenspring Fund does not have sufficient capital to satisfy its obligations to its underlying Investment Funds, such Greenspring Fund could be in default in relation to such Investment Funds.

**Limited Control by Investors.** The Greenspring Funds' affairs will be managed by their respective general partners and the Adviser. The limited partners of a Greenspring Fund will make no decisions with respect to investment selection, oversight or disposition or other decisions regarding such Greenspring Fund's affairs. Investors will have no right or power to participate in the management or control of the business of the Greenspring Funds and thus must depend solely upon the ability of the applicable general partners and the Adviser with respect to making investment decisions.

**Diverse Investor Group.** Investors may have conflicting investment, tax, and other interests with respect to their investments in a Greenspring Fund. The conflicting interests of individual investors

may relate to or arise from, among other things, the nature of investments made by a Greenspring Fund, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser and/or general partner of a Greenspring Fund, including with respect to the nature or structuring of investments that may be more beneficial for some investors than for others, particularly with respect to investors' individual tax situations. In selecting and structuring appropriate investments, the Adviser and/or general partner of a Greenspring Fund will consider the investment and tax objectives of the applicable Greenspring Fund and such Greenspring Fund's investors as a whole, not the investment, tax, or other objectives of any particular investor.

**Risks Inherent in Secondary Investments.** The Greenspring Funds may acquire interests in Investment Funds and direct investments on the secondary market on an opportunistic basis from existing investors. There can be no assurance that the Adviser will be able to identify investment opportunities on the secondary market or that it will be able to negotiate attractive terms. In the cases where a Greenspring Fund acquires an interest in an Investment Fund in a secondary transaction, such Greenspring Fund may acquire contingent liabilities of the seller of the interest. More specifically, where the seller has received distributions from the relevant Investment Fund and, subsequently, such Investment Fund recalls one or more of these distributions, the Greenspring Fund (as the purchaser of the interest to which such distributions are attributable) and not the seller may be obligated to return monies equivalent to such distributions to the Investment Fund. While the Greenspring Fund may, in turn, make a claim against the seller for any such monies so paid to the Investment Fund, there can be no assurances that such Greenspring Fund would prevail on such claim or that the Greenspring Fund would have the right to make such a claim against the seller.

**Distributions in Kind.** The proceeds of certain of the Greenspring Funds' investments may be distributed in kind. Any such distribution could put downward pressure on the price of the issuer's securities. An investor that receives assets other than cash from a Greenspring Fund may incur costs and delays in converting those assets into cash.

## **ITEM 9 – DISCIPLINARY INFORMATION**

The Adviser and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### *Registered Broker-Dealers*

None of the Adviser or its management persons is registered as a broker-dealer or a registered representative of a broker-dealer. In addition, the Adviser and its management persons are not affiliated with any broker-dealer.



*Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

None of the Adviser or any of its management persons is registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

*Relationships with Related Persons*

The Adviser will provide advice to the Greenspring Funds. Certain members, officers and employees of the Adviser and its affiliates (i) may serve as directors of or hold executive positions at companies in which the Greenspring Funds have invested and (ii) may serve as members of the advisory boards or investor committees of certain Investment Funds, and in each case, may receive compensation in connection therewith. As noted in Item 14, a percentage of such compensation will be used to offset the advisory fees payable by the relevant Greenspring Fund(s). Additionally, the general partners of most of the Greenspring Funds are affiliates of the Adviser. Certain principals and related persons of the Adviser and its affiliates may spend substantially all of their business time on one or more of the Greenspring Funds as required pursuant to the Governing Documents of the Greenspring Funds. Investors should refer to the Governing Documents of the Greenspring Funds for complete information on the requisite time commitments of the Adviser, its affiliates and their respective principals and related persons to the Greenspring Funds.

The Adviser manages various Greenspring Funds through special purpose vehicles ("SPVs") controlled by the Adviser that act as general partners and managing members to Greenspring Funds organized by the Adviser. The SPVs have no employees or other persons acting on their behalf other than officers, portfolio managers and employees of the Adviser.

As noted in Item 5, the Adviser and its related persons may also receive commitment, structuring, monitoring and other transaction fees from companies in which one or more of the Greenspring Funds may invest or propose to invest. A percentage of such fees will be used to offset the advisory fees payable by the relevant Greenspring Fund(s).

The Adviser and affiliates of the Adviser have entered into cash compensation arrangements with unaffiliated placement agents and other third parties for introducing investors to certain Greenspring Funds and may enter into similar arrangements in the future, as described in Item 14.

As noted in Item 4, Greenspring continues to be affiliated with GBOS, an administrative and back office support services provider for Unaffiliated Funds. Greenspring may provide certain assistance to the Unaffiliated Funds that GBOS serves.

The Adviser may receive research services from brokers, as discussed in Item 12.

The Greenspring Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. A percentage of such compensation will be used to offset the advisory fees payable by the relevant Greenspring Fund(s). Employees of the Adviser may also, from time to time, serve on the board of directors of a portfolio company, or be given access for

other reasons to confidential information relating to companies in which the Greenspring Funds invest. As a result, the Greenspring Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the securities of such a portfolio company, which prohibition may have an adverse effect on the Greenspring Funds.

#### *Selection or Recommendation of Other Advisers*

As a fund-of-funds manager, the Adviser selects private investment funds for its clients. The Adviser does not, however, receive compensation from the advisers of such private investment funds in a manner that would create a material conflict of interest and does not have other business relationships with other advisers that create a material conflict of interest.

Certain of the Adviser's principals and/or related persons may be invited to serve on the advisory boards of the Investment Funds in which the Greenspring Funds invest to provide advice on certain conflicts of interest and other matters pertaining to such Investment Funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such Investment Funds into account. Such persons may receive compensation for such services. As noted in Item 14, a percentage of such compensation will be used to offset the advisory fees payable by the relevant Greenspring Fund(s).

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

#### *Code of Ethics*

The Adviser has adopted a Code of Ethics (the "Code") under Rule 204A-1 of the Advisers Act expressing the Adviser's commitment to ethical conduct. The Code describes the Adviser's fiduciary duties and responsibilities to clients, and sets forth the Adviser's practice of supervising the personal securities transactions of supervised persons with access to client information. Under the Code, all applicable personnel have a duty to act only in the best interests of the Greenspring Funds. It is the expressed policy of the Adviser that no person employed by the Adviser shall prefer his or her own interest to that of an advisory client. Furthermore, the Code contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, and the misuse of inside information. The Adviser's directors, officers and employees may have an economic interest in certain portfolio investments of the Greenspring Funds. Employees must report all personal transactions to the Chief Compliance Officer (the "CCO"). The CCO monitors all transactions by employees in order to ascertain any pattern of conduct which may evidence conflicts or potential conflicts with the principles and objectives of the Code, or other inappropriate behavior.

To supervise compliance with the Code, the Adviser requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports to the CCO and either submit quarterly transaction reports to the CCO or direct his/her broker(s) to send a copy of all transaction confirmations for each of his/her accounts and a copy of all account statements for each such account to the CCO. The Adviser requires such "access persons"

to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by the Adviser's personnel, the CCO will oversee the maintenance and make available a list of publicly-traded restricted securities. The restricted securities list will be updated periodically and will generally include securities (i) held by a Greenspring Fund with respect to a portfolio investment; (ii) under active investment consideration by the Adviser; (iii) held by a Greenspring Fund as a result of a distribution from a portfolio investment or which the Adviser knows or believes will be so distributed to a Greenspring Fund; (iv) being issued in an IPO or private placement; and (v) about which any access person is in possession of, or knows, material non-public information. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

The Adviser requires that all personnel act in accordance with all applicable federal and state regulations governing investment advisory practices. The Code also includes the Adviser's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

The Adviser will provide a complete copy of the Code to any client or prospective client upon request to the CCO at the Adviser's principal address.

#### *Participation or Interest in Client Transactions; Personal Trading*

As general partners, limited partners or managing members of the general partners of each of the Greenspring Funds, the Adviser and its related persons will have indirect beneficial interests in the securities owned by the Greenspring Funds and will share in the profits and losses generated by the Greenspring Funds' portfolio investments. In addition, related persons of the Adviser may have an interest in portfolio investments that the Adviser recommends to the Greenspring Funds. Before the Adviser makes a recommendation that a client buy or sell a security of an issuer, all related persons that have a personal position in such issuer must disclose such interest and will not be permitted to authorize recommendations that a Greenspring Fund buy or sell such security. Such participation restriction shall not apply to a related person if such person's only interest in a security is (i) held indirectly through one of the general partner entities, the Greenspring Funds or otherwise, or (ii) related to such person's service as a director or advisor of a portfolio entity to facilitate the Adviser's ability to monitor the investment in such portfolio entity. To the extent such restriction does apply, however, the final investment decision shall be independently reviewed by the CCO.

In certain situations, related persons of the Adviser may purchase interests in portfolio investments held by one or more of the Greenspring Funds. All such purchases are subject to compliance with the Adviser's Code of Ethics as described above. In addition, the Adviser may transfer an investment from one of the Greenspring Funds to another. It will only effect such a transfer where it believes that it would be consistent with its fiduciary obligations to each Greenspring Fund. Such transfers may be in connection with the "warehousing" of certain investments, or in connection with re-balancing of certain of the Greenspring Funds which are required to invest in parallel. If the Adviser determines that any such transfer constitutes a "principal transaction" for purposes of Section

206(3) of the Advisers Act, it will provide appropriate disclosure to and obtain prior consent from the appropriate Greenspring Fund(s).

From time to time, the Adviser may come into possession of material non-public information concerning specific companies by virtue of investments made by certain of the Greenspring Funds. Due to the Adviser's internal controls, other Greenspring Funds may be unable to trade in such specific companies as a result of such information. Accordingly, a Greenspring Fund's investment flexibility may be constrained as a result of the investments made by, and the information generated by, other Greenspring Funds.

## **ITEM 12 – BROKERAGE PRACTICES**

Subject to the investment objectives, policies and restrictions of each Greenspring Fund as set forth in such Greenspring Fund's Governing Documents, the Adviser has discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each Greenspring Fund, including the selection of, and commissions paid to, brokers.

Although the Adviser typically does not utilize broker-dealers to effect portfolio investments, shares of certain companies may be received by the Greenspring Funds as part of a general distribution. The Adviser may sell the securities received in share distributions such that the proceeds can be distributed to the Greenspring Funds' limited partners. As discussed in Item 4, the Adviser may use the distribution management services of T.Rowe Price. T.Rowe Price is also an investor in certain Greenspring Funds.

In selecting or recommending broker-dealers to effect securities transactions, the Adviser seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds and other such factors as the Adviser deems relevant and beneficial to the Greenspring Funds. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

While the Adviser will at all time adhere to its obligation to seek best execution for its clients, investors or potential investors in the Greenspring Funds (or affiliates thereof) may be selected by the Adviser to serve as broker-dealers or other service providers to the Greenspring Funds. Accordingly, the Adviser may have an incentive to select or recommend a broker-dealer, or other service provider, based on the Adviser's interest in receiving commitments to the Greenspring Funds rather than on its clients' interest in receiving the most favorable execution. Nevertheless, the Adviser's selection of broker-dealers will be made in accordance with the Adviser's fiduciary obligations to the Greenspring Funds and the Adviser's compliance policies and procedures regarding best execution.

### *Research and Other Soft Dollar Benefits*

Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") provides a safe harbor that permits advisers, when selecting brokers to execute transactions for client

accounts, to take into account certain research products and services provided to the adviser by brokers.

Consistent with obtaining best execution for clients, the Adviser may engage in soft dollar arrangements.

These soft dollar arrangements are of the type described in Section 28(e) of the Exchange Act and are designed to augment the Adviser's own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at the Adviser's discretion) and will provide the Adviser with a benefit because it will not have to produce or pay for the research, products or services. In addition, the Adviser may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on a client's interest in receiving most favorable execution.

Research services obtained through the use of soft dollars generally may include reports on individual companies, industries or markets, as well as discussions with research personnel, pricing and statistical services, databases and other news, technical and telecommunications services and equipment utilized by the Adviser and the Greenspring Funds in the investment management and execution process. The Adviser does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research the Adviser receives will help the Adviser to fulfill its overall duty to its clients. The Adviser may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Accordingly, broker-dealers selected by the Adviser may be paid commissions for effecting transactions for the Adviser's clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if the Adviser determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or the Adviser's overall duty to its client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated, and the Adviser will make a good faith effort to determine the percentage of such products or services that may be considered as execution or research services. The portions of the costs attributable to non-research or non-execution related usage of such products or services is paid by the Adviser to the broker-dealer in accordance with the provisions of Section 28(e) of the Exchange Act.

#### *Brokerage for Client Referrals*

The Adviser does not consider whether it will receive client referrals from a broker-dealer when selecting or recommending broker-dealers.

#### *Directed Brokerage*

Consistent with obtaining best execution for clients, the Adviser may direct brokerage transactions for clients' portfolios to broker-dealers who provide research and execution services to the Adviser and its affiliates and, indirectly, to the Greenspring Funds.

Not all advisers require their clients to direct brokerage.

#### *Trade Aggregation*

The Adviser will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis taking into account the size of the order placed for each client in any such block. Block trading allows the Adviser to execute equity trades in a more timely, equitable manner and to reduce overall commission charges to clients. No personal trades of the Adviser's personnel will ever be included in any client blocks.

The allocation of commitments and investment decisions with respect to Greenspring Fund investment opportunities are made by the Adviser with respect to all Greenspring Funds in accordance with the Adviser's investment allocation policy, which takes into account multiple criteria, including: specific Greenspring Fund objectives, Greenspring Fund size and capital available for investment, Greenspring Fund diversification needs, the size of the investment opportunity, and current and anticipated market conditions. In the event the investment opportunity is suitable for more than one Greenspring Fund, the Adviser will derive an allocation that, over a period of time, is fair and equitable to each Greenspring Fund relative to other Greenspring Funds, taking into account all relevant facts and circumstances; provided, however, that Greenspring Global Partners V, L.P. (and its affiliated funds) and certain additional Greenspring Funds generally will be offered the opportunity to make certain investments prior to other Greenspring Funds. Accordingly, there may be situations in which an investment may in the first instance be allocated to a certain Greenspring Fund even though it may otherwise be an eligible investment for another Greenspring Fund, and a Greenspring Fund may not be able to acquire the entire amount of such investment opportunity.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### *Review of Client Accounts*

The Adviser will periodically monitor portfolio investments on behalf of the Greenspring Funds. Investments are reviewed in the context of each Greenspring Fund's stated investment objectives and guidelines as set forth in the Governing Documents of such Greenspring Fund.

Day-to-day affairs of the Greenspring Funds are managed by C. Ashton Newhall and James Lim. The total number of accounts reviewed by Messrs. Newhall and Lim is 36.

### *Reports to Clients*

The Adviser and its directors and officers will generally provide the limited partners of the Greenspring Funds with written quarterly and annual reports on the investment portfolios of the respective Greenspring Funds. The general partners of each of the Greenspring Funds or the Adviser, as applicable, distribute quarterly and annual reports to the limited partners or other investors in the Greenspring Funds. A Greenspring Fund's annual report generally contains a summary of investments held by such Greenspring Fund and the audited financial statements of such Greenspring Fund. A Greenspring Fund's quarterly report generally contains a summary of investments held by such Greenspring Fund and the unaudited financial statements of such Greenspring Fund for the applicable fiscal quarter. Both the annual and quarterly reports are accompanied by an individual capital account statement as of the end of the fiscal year or quarter, as applicable.

Investors should refer to the Governing Documents of each of the Greenspring Funds for complete information on the reports provided by a particular Greenspring Fund to its investors.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### *Economic Benefits Received from Third Parties*

As noted in Item 5, the Adviser and its related persons may receive commitment, structuring, monitoring and other transaction fees from portfolio investments in which one or more of the Greenspring Funds may invest or propose to invest. As noted in Item 10, certain related persons of the Adviser may receive compensation in connection with (i) their service as directors or holding executive positions at companies in which the Greenspring Funds have invested and (ii) their service as members of advisory boards or investor committees of certain Investment Funds. The potential for the Adviser and its related persons to receive such economic benefits creates a conflict of interest as the Adviser and its related persons may have an economic incentive to invest in portfolio investments that provide such benefits. Nevertheless, to alleviate potential conflicts, a percentage of any such benefits received by the Adviser or its related persons in connection with its advisory services for a particular Greenspring Fund will be used to offset the advisory fees payable by such Greenspring Fund.

In addition, GBOS will receive certain fees from Unaffiliated Funds in exchange for providing certain administrative and back office support functions.

### *Third Party Compensation for Client Referrals*

The Adviser and related persons of the Adviser have entered into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a Greenspring Fund and are likely to enter into similar arrangements in the future. Any sales charge associated therewith will ultimately be payable by the Adviser or its related persons, either directly or through an offset of the advisory fee payable by the applicable Greenspring Fund.

The Adviser endeavors at all times to put the interests of the Greenspring Funds first as part of the Adviser's fiduciary duty under the Governing Documents and applicable law. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest and may affect the judgment of placement agents when making referrals to the Adviser and the Greenspring Funds.

## **ITEM 15 – CUSTODY**

Although the Adviser will not have physical custody of any client assets, the Adviser may be deemed to have custody of the assets of the Greenspring Funds as a result of its authority over the Greenspring Funds.

The Greenspring Funds generally receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the Greenspring Funds' investment assets. In addition, the Adviser and its directors and officers will generally provide the investors in the Greenspring Funds with written quarterly and annual reports on the investment portfolios of the respective Greenspring Funds, as described in Item 13. It is generally the Adviser's policy to cause each Greenspring Fund with assets of which the Adviser is deemed to have "custody" to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 180 days after the end of each fiscal year for fund of funds and no later than 120 days after the end of each fiscal year for direct funds. In addition, upon the final liquidation of any such Greenspring Fund, the Adviser will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Greenspring Fund to all investors promptly after completion of the audit.

The Adviser urges the careful review and comparison of the official custodial records to the internal schedules and account statements prepared by the Greenspring Funds. Such internal schedules and account statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **ITEM 16 – INVESTMENT DISCRETION**

Subject to the investment objectives and policies and restrictions of each Greenspring Discretionary Fund, as set forth in its Governing Documents, the Adviser has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of such Greenspring Discretionary Fund, including the selection of, and commissions paid to, brokers.

The Adviser also manages investment accounts for which it does not have ongoing discretionary authority to execute transactions without the consent of the client. Securities transactions for such clients are typically entered on a stand-alone basis and not bundled with the shares sold for clients that have given the Adviser full discretion to effect securities transactions. Accordingly, such "non-discretionary" clients should be aware that the Adviser may place non-discretionary client trades prior to or subsequent to discretionary client trades, and therefore a disparity may exist in the share price at which securities are sold for discretionary and non-discretionary accounts. In



addition, a disparity may exist between the commissions charged to non-discretionary clients and the commissions charged to clients that have given the Adviser full discretion. Therefore, non-discretionary clients should be aware that the Adviser may not be able to maximize the transaction price and/or obtain volume discounts for non-discretionary clients.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Because the Adviser may be deemed to have authority to vote proxies related to securities held by a Greenspring Fund, the Adviser has adopted a set of policies and procedures (the “Voting Policy”) designed to ensure that the Adviser complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) of the Advisers Act. To the extent the Adviser exercises or is deemed to be exercising voting authority over Greenspring Fund securities, the Adviser’s general policy is to vote proxies in a manner consistent with the best interests of the Greenspring Funds. The Voting Policy describes generally the case-by-case approach the Adviser takes when reviewing each proposal submitted for a vote and the information the Adviser takes into consideration when voting proxies. The Voting Policy requires that the Adviser maintain appropriate voting records in connection with the voting of client securities.

The Voting Policy also provides that, in the event that the Adviser determines that a material conflict exists in connection with a vote, the Adviser will take steps to ensure that its voting decision is based on the best interests of the Greenspring Funds and is not a product of the conflict. To ensure that the best interests of the Greenspring Funds are protected, the Adviser may elect to do any of the following: (a) disclose the conflict of interest to the client’s limited partner advisory board, if applicable, and defer to such limited partner advisory board’s, if applicable, voting recommendation; (b) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (c) take such other action in good faith (in consultation with the Adviser’s counsel) which would serve the best interest of the client. Investors may obtain a copy of the Voting Policy or additional information regarding how the Adviser has voted Greenspring Fund public securities by contacting the Adviser.

Clients may obtain a copy of the Adviser’s Voting Policy upon request. Clients may also obtain information from the Adviser about how the Adviser voted any proxies on behalf of their account(s).

## **ITEM 18 – FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about the Adviser’s financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.