

Spur Capital Partners, LLC

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March 31, 2015

This Brochure provides information about the qualifications and business practices of Spur Capital Partners, LLC [“Adviser”]. If you have any questions about the contents of this Brochure, please contact us at 918-331-3800 or [spur@spurcap.com](mailto:spur@spurcap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Spur Capital Partners, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **Item 2 – Material Changes**

On March 31, 2011, Spur Capital Partners prepared a new Brochure according to the SEC's new requirements and rules dated July 28, 2010. The brochure has been amended each year on the last day of March. On March 31, 2015, Spur Capital Partners is amending that Brochure with this new document.

The only material changes in this new document refer to the final closing of Spur Ventures IV on June 30, 2014 and related information.

This Brochure is delivered to our investors annually and to prospective investors at least 48 hours prior to entering into an advisory agreement with an investor.

Currently, our Brochure may be requested by contacting Teri Hightower, Chief Financial Officer/Chief Compliance Officer at 918-331-3800 or [teri.hightower@spurcap.com](mailto:teri.hightower@spurcap.com).

Additional information about Spur Capital Partners, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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#### **Item 4 – Advisory Business**

Spur Capital Partners, LLC (“Spur Capital”) was formed December 21, 2001. Spur Capital is the manager of Spur Ventures, LP (“Spur I”), Spur Ventures II, LP (“Spur II”), Spur Ventures III, LP (“Spur III”) and Spur Ventures IV, LP (“Spur IV”) (collectively “the Spur Funds”), fund-of-funds investment vehicles that invest in venture capital partnerships. Spur I, II, III and IV are the clients of Spur Capital.

Spur Capital Partners, LLC completed fundraising for Spur Ventures IV, LP (Spur IV) with the final close on June 30, 2014. This vehicle is structured and invests in a similar manner to the previous Spur funds and specifically Spur Ventures III, LP.

The principal owners of Spur Capital are Paul D. Fetsch and C. Bradford Kelly who each own 28.575% of the company.

Spur Capital advises funds which are non-discretionary and which invest according to the limited partnership agreement of each fund.

Spur Capital may, from time to time, organize other investment vehicles that have different investment objectives and different fee structures.

#### **Item 5 – Fees and Compensation**

In exchange for the management and administration of Spur I, Spur Capital receives an annual fee of a percentage of each investor’s committed capital, according to the following schedule:

0.50% on the initial \$20 million;

0.43% on the amount exceeding \$20 million up to and including \$40 million; and

0.35% on the amount exceeding \$40 million.

The fee is assessed and paid quarterly in advance and is non-negotiable and non-refundable. This fee is deducted from the client’s assets on the first day of each quarter.

In exchange for the management and administration of Spur II, Spur Capital receives an annual fee of 0.50% of each investor’s committed capital. The fee is assessed and paid quarterly in advance and is non-negotiable and non-refundable. This fee is deducted from the client’s assets on the first day of each quarter.

In exchange for the management and administration of Spur III, Spur Capital receives an annual fee of 0.70% of each investor’s committed capital. The fee is assessed and paid quarterly in advance and is non-negotiable and non-refundable. This fee is deducted from the client’s assets on the first day of each quarter.

In exchange for the management and administration of Spur IV, Spur Capital receives an annual fee of 0.50% of each investor’s committed capital. The fee is assessed and paid quarterly in

advance and is non-negotiable and non-refundable. This fee will be deducted from the client's assets on the first day of each quarter.

Spur Capital may, from time to time, organize other investment vehicles that have different investment objectives and different fee structures.

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

Additionally, after such time as the partners of Spur I, Spur II, Spur III or Spur IV receive cash distributions equal to the greater of (i) 200% of their contributed capital or (ii) 100% of their committed capital, the general partners of Spur I, Spur II, Spur III or Spur IV (entities formed by the principals of Spur Capital) are entitled to performance-related compensation of 5% of the cumulative gains of the investment vehicle.

Spur Capital may, from time to time, organize other investment vehicles that have different investment objectives and different fee structures.

#### **Item 7 – Types of Clients**

Spur Capital provides portfolio management services to its clients which are fund-of-funds investment vehicles that invest in venture capital partnerships. Currently Spur Capital has four clients, Spur I, Spur II, Spur III, and Spur IV. Investors in Spur I, II, III, and IV include non-US financial institutions, U.S foundations and other institutional or accredited investors.

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

Spur Capital will invest its clients' funds in venture capital partnerships that propose to invest a substantial portion of their assets in early-stage companies. The majority of these venture capital (VC) firms will be U.S.-based but Spur Capital may commit to partnerships of non-U.S. domiciled venture firms, with a particular focus on Israel, China, and India. The Directors of Spur Capital evaluate these potential venture capital partnership investment opportunities using their judgment and experience and use the following primary criteria:

1. Investment thesis and strategy of the VC firm;
2. Relevant operating experience of the individual partners in the VC firms;
3. Individual partner capacity for new investments;
4. Prior performance and success of the firm and partners across differing economic cycles;
5. Public market success of investee companies; and
6. Ownership and decision process.

In order to improve the diversification of each portfolio, Spur Capital anticipates making commitments to venture capital partnerships over a three to four year period. With this vintage diversification, Spur Capital seeks exposure across cycles of technological innovation at the same time mitigating the potential effects of a change in business environment and change in the strength of the broad economy.

At times, the venture capital partnerships in which our clients invest may distribute public stock as a means of liquidating an investment. Spur Capital has engaged T Rowe Price as an outside investment management firm for the management of these stock distributions in order to maximize returns from these distributions and return cash to the investors in a Spur Ventures Fund.

The Managers provide specific methods, strategies, and risks for each Spur Fund in the fund's private placement memorandum provided to each investor. There is no assurance that any Spur Fund will be able to invest its capital on attractive terms or generate returns for its investors. Investing in securities involves risk of loss that investors should be prepared to bear.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Spur Capital or the integrity of Spur Capital's management. Spur Capital has no information applicable to this Item.

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

The Directors of Spur Capital Partners serve as members of Spur Capital Management, LLC (SCM I), Spur Capital Management II, LLC (SCM II), Spur Capital Management III, LLC (SCM III) and Spur Capital Management IV, LLC (SCM IV), the general partner entities formed to manage Spur I, Spur II, Spur III, and Spur IV, respectively. Spur Capital Partners serves as the managing member of SCM I, SCM II, SCM III, and SCM IV.

Spur Capital had an agreement with Atlantic-Bridge ("the Agent"), a placement agent based in the Netherlands, where Spur III paid Atlantic-Bridge 0.75% of the subscription amount of any European institution introduced by Atlantic-Bridge over eight calendar quarters. Spur III reduced the management fee paid to Spur Capital by this payment to Atlantic Bridge. If an investor introduced by Atlantic-Bridge also invests in a subsequent Spur fund, the Agent will receive follow-on compensation of 0.375% payable over eight calendar quarters.

Spur Capital had an agreement with Ariane Capital Partners, a placement agent based in the United States. Spur Capital paid Ariane a Retainer Fee of \$8,750 per month plus travel expenses

to assist in fundraising efforts through December 31, 2013. An Incentive Fee of 0.75% of all Capital Commitments from Ariane Prospects received by the Fund from Class A Prospects and an Incentive Fee of 0.375% of all Capital Commitments received by the Fund from Class B Prospects would be paid to Ariane within 5 days following Spur's receipt of the first quarterly management fee from Spur Ventures IV, LP. The first 1/8<sup>th</sup> will be paid in cash and the remaining 7/8<sup>th</sup> will be paid with an interest-free promissory Note. The Retainer Fee paid after the first six months of the agreement will be netted against the last maturing installments. This agreement began April 1, 2011 and formally ended on December 31, 2013 and there have been no Ariane prospect which have committed to Spur IV. If a Spur IV prospect which was initially introduced by Ariane were to make a commitment to a Spur vehicle, Spur Capital Partners would have an obligation to Ariane.

Spur Capital had an agreement with Atlantic-Bridge related to fundraising for Spur IV. The agreement began April 1, 2014 and ended May 31, 2014. Spur Capital Partners paid Atlantic-Bridge \$1,000 per month as a retainer to contact institutions with which it has had prior dealings or which, in its opinion, might be interested in learning about the investment strategy of Spur Capital. There were no investors obtained through this process and no fees are due by Spur IV for this service.

To address any conflicts of interest which may arise from any of these affiliations, Spur I, II, and III and IV have investor advisory boards which convene periodically to give guidance to Spur Capital. In addition, all employees and directors of Spur Capital acknowledge a Code of Ethics (see Item 11) on an annual basis.

## **Item 11 – Code of Ethics**

Spur Capital Partners has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. Spur expects all of its directors, officers, and employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities, to comply with applicable laws, rules and regulations of any government, governmental agency and regulatory organization which has jurisdiction over the professional activities of Spur, its directors and/or its employees and to abide by all policies and procedures, including the reporting of personal securities transactions, adopted by Spur that govern the conduct of its employees and/or directors. All supervised persons at Spur Capital Partners must acknowledge the terms of the Code of Ethics annually, or as amended.

Spur Capital Partners anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Spur Capital Partners has management

authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Spur Capital Partners, its affiliates and/or clients, directly or indirectly, have a position of interest. Spur Capital Partners' employees and persons associated with Spur Capital Partners are required to follow Spur Capital Partners' Code of Ethics.

Currently, C. Bradford Kelly, Managing Director of Spur Capital Partners is a member of SCM I, general partner of Spur I; SCM II, general partner of Spur II; and SCM III, general partner of Spur III. Mr. Kelly held a \$1 million limited partner interest in each of Spur I and II and a \$1.5 million limited partner interest in Spur III, which under the terms of the limited partnership agreements are non-voting interests. These interests were transferred to a Trust for Mr. Kelly's son and heirs on December 31, 2012. On March 27, 2014, this Trust committed \$1.0 million to Spur IV. Additionally, each Spur Ventures Fund has a limited partner advisory board charged with addressing among other things, any conflicts of interest which may arise between Spur Capital Partners and its directors and affiliates, Spur I, II, III, IV and/or SCM I, II, III, IV.

Investors or prospective investors in Spur Capital Partners' client funds may request a copy of the firm's Code of Ethics by contacting Teri Hightower, CFO/CCO at 918-331-3800 or [teri.hightower@spurcap.com](mailto:teri.hightower@spurcap.com).

It is Spur Capital Partners' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Spur Capital Partners will also not affect cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

## **Item 12 – Brokerage Practices**

Spur Capital advises funds which are non-discretionary and which invest in venture capital partnerships according to the limited partner agreement of each fund. Spur Capital does not obtain client consent for buying or selling securities or for the amount of securities to be bought or sold. Spur Capital does not use a broker for these transactions.

At times, the venture capital partnerships in which Spur Capital's clients invest distribute public stock as a means of liquidating an investment. Spur Capital has engaged T Rowe Price as an outside investment management firm to manage these stock distributions in order to maximize



returns from these distributions and return cash to the Spur Funds. T Rowe Price selects the broker for these transactions.

Spur Capital and the Spur funds do not engage in soft dollar transactions.

### **Item 13 – Review of Accounts**

The Directors of Spur Capital Partners monitor the Spur Venture Funds' investments in venture capital partnerships on an ongoing basis. Such review includes:

1. Review of quarterly financial statements and quarterly reports of each venture capital partnership investment;
2. Attendance at the annual limited partner meeting of each venture capital partnerships as appropriate;
3. Periodic visits with the general partners of each venture capital partnership;
4. Securing a seat on the Advisory Boards of venture capital partnerships as appropriate;
5. Maintaining a venture capital investment database, wherein performance is monitored and compared to benchmarks that are relevant in the judgment of the Directors of Spur Capital.

Investors in funds-of-funds vehicles organized and operated by Spur Capital Partners receive:

1. Quarterly reports and quarterly financial statements including Statements of Partners' Equity and investment summaries;
2. Annual reports and annual financial statements audited by an accounting firm of national stature;
3. Periodic visits or personal communication from one or more of the Directors of Spur Capital;
4. Annual information meetings to discuss the performance of their investments; and
5. Access to a secure website with current and historical reports and research papers available for viewing and downloading.

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

Spur Capital had an agreement with Atlantic-Bridge ("the Agent"), a placement agent based in the Netherlands, where Spur III paid Atlantic-Bridge 0.75% of the subscription amount of any European institution introduced by Atlantic-Bridge over eight calendar quarters. Spur III reduced the management fee paid to Spur Capital by this payment to Atlantic Bridge. If an investor introduced by Atlantic-Bridge also invests in a subsequent Spur fund, the Agent will receive follow-on compensation of 0.375% payable over eight calendar quarters.

Spur Capital had an agreement with Ariane Capital Partners, a placement agent based in the United States. Spur Capital paid Ariane a Retainer Fee of \$8,750 per month plus travel expenses

to assist in fundraising efforts through December 31, 2013. An Incentive Fee of 0.75% of all Capital Commitments from Ariane Prospects received by the Fund from Class A Prospects and an Incentive Fee of 0.375% of all Capital Commitments received by the Fund from Class B Prospects would be paid to Ariane within 5 days following Spur's receipt of the first quarterly management fee from Spur Ventures IV, LP. The first 1/8<sup>th</sup> will be paid in cash and the remaining 7/8<sup>th</sup> will be paid with an interest-free promissory Note. The Retainer Fee paid after the first six months of the agreement will be netted against the last maturing installments. This agreement began April 1, 2011 and formally ended on December 31, 2013 and there have been no Ariane prospect which have committed to Spur IV. If a Spur IV prospect which was initially introduced by Ariane were to make a commitment to a Spur vehicle, Spur Capital Partners would have an obligation to Ariane.

Spur Capital had an agreement with Atlantic-Bridge related to fundraising for Spur IV. The agreement began April 1, 2014 and ended May 31, 2014. Spur Capital Partners paid Atlantic-Bridge \$1,000 per month as a retainer to contact institutions with which it has had prior dealings or which, in its opinion, might be interested in learning about the investment strategy of Spur Capital. There were no investors obtained through this process and no fees are due by Spur IV for this service.

#### **Item 15 – Custody**

The Spur Funds maintain custody of limited partner's funds, securities or assets. Spur I, II, III and IV invest primarily in venture capital partnerships and generally holds uncertificated securities in the form of limited partnership interests of these funds. Generally, Spur Funds maintain funds and securities, except such uncertificated securities, with qualified custodians. Spur Capital provides limited partners with quarterly unaudited financial statements and annual audited financial statements prepared in accordance with GAAP within 180 days of the fiscal year end.

Spur Capital Partners has adopted various procedures to implement the firm's custody policy and to insure this policy is observed which include the following:

- a. Maintain all investment funds and securities, except uncertificated securities described above, with a qualified custodian;
- b. Provide to each limited partner an unaudited quarterly statement within 120 days of the end of the first three quarters of each year;
- c. Provide to each limited partner audited annual financial statements prepared in accordance with GAAP within 180 days of fiscal year end;

#### **Item 16 – Investment Discretion**

Spur Capital advises funds which are non-discretionary and which invest according to the limited partnership agreement of each fund.

#### **Item 17 – Voting *Client* Securities**

Spur Capital, as a matter of policy and as a fiduciary to the Spur Venture Funds limited partners, has responsibility for voting consistent with the best economic interests of the partners. As such, Spur has contracted with T Rowe Price to handle proxy voting. T. Rowe Price's Proxy Voting Policy can be found at:

<http://corporate.troweprice.com/ccw/home/ourCompany/proxyVotingPolicies.do>.

Spur Capital Partners has adopted procedures to implement the firm's proxy voting policy and to insure this policy is observed which include the following:

- a. The Spur Directors will monitor the Proxy Voting Policy of T Rowe Price to insure that it continues, in their judgment, to promote the best interest of its clients.
- b. The Spur Directors will review the voting record of T Rowe Price to insure that it continues, in their judgment, to promote the best interests of its clients.
- c. Spur Capital will retain the following:
  - i. A copy of this Policy and all amendments;
  - ii. A copy of the voting summary received from T Rowe Price; and
  - iii. A copy of each written request by a Spur Ventures investor for information on how Spur Capital voted the securities on behalf of any Spur fund and a copy of Spur Capital's written response to all requests (written or oral) for such information.
  - iv. Spur Capital will provide a copy of this Proxy Voting Policy annually.

For information on how specific securities' proxy statements were voted or proxy voting policy, please contact Teri Hightower, CFO/CCO of Spur Capital Partners, at 918-331-3800 or [teri.hightower@spurcap.com](mailto:teri.hightower@spurcap.com)

#### **Item 18 – Financial Information**

Spur Capital is required in this Item to provide you with certain financial information or disclosures about its financial condition. Spur Capital 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.