

Item 1. Cover Page

Brochure of
Artis Capital Management, L.P.

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March 31, 2015

This brochure provides information about the qualifications and business practices of Artis Capital Management, L.P. (“**Artis**”). If you have any questions about the contents of this brochure, please contact us at 415-344-6200 or info@artiscap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about Artis also is available on the SEC’s website at www.adviserinfo.sec.gov.

Although Artis is a “registered investment adviser,” that registration does not imply a certain level of skill or training.

Item 2. Material Changes

The following are the material changes to this brochure since it was last updated on March 31, 2014:

- Artis moved its principal office to 988 Market Street, San Francisco, California 94102.
- In 2013, Artis’ President, Stuart L. Peterson, decided to bifurcate its advisory business and form an advisory firm, Artis Ventures Management, L.P., a Delaware limited partnership (“**AVM**”), which is dedicated primarily to venture capital (and other private company) investing. As of December 31, 2014, AVM has assumed management of each investment advisory contract for the venture-focused funds formed by Artis or its affiliates.
- In 2014, Artis stopped accepting any new investors in the Funds (defined below) and other clients it manages. The Funds are being wound down.

Item 3.	Table of Contents	
Item 1.	Cover Page	1
Item 2.	Material Changes	1
Item 3.	Table of Contents	2
Item 4.	Advisory Business	3
Item 5.	Fees and Compensation	3
Item 6.	Performance-Based Fees and Side-By-Side Management	5
Item 7.	Types of Clients	5
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9.	Disciplinary Information	10
Item 10.	Other Financial Industry Activities and Affiliation	11
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
Item 12.	Brokerage Practices	18
Item 13.	Review of Accounts	21
Item 14.	Client Referrals and Other Compensation	21
Item 15.	Custody	21
Item 16.	Investment Discretion	22
Item 17.	Voting Client Securities	22
Item 18.	Financial Information	23
Item 19.	Requirements For State-Registered Advisers	23
	Trade Error Policy	23

Item 4. Advisory Business

Artis is a California limited partnership that has been in business since 2001. Artis provides investment advice to investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”) and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”) (collectively, the “**Funds**”). As of December 31, 2014, the Funds hold illiquid securities or securities that Artis believes should not be liquidated at this time. Some of the Funds, previously actively invested in publicly-traded and privately-placed securities but have ceased making new investments and have been or are being wound down. Artis intends to liquidate the positions in each Fund when it believes it is appropriate. The Funds are not open for investment.

Artis’ affiliate, AVM, was formed in 2013 as an advisory firm dedicated primarily to venture capital (and other private company) investing. AVM has assumed management of each investment advisory contract for the venture-focused funds formed by Artis or its affiliates. The investment strategies for the Funds are described below in Item 8.

Artis may in the future advise Funds in addition to those discussed herein.

Artis provides investment advice to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment advisory, investment management or portfolio management agreements (each, an “**Advisory Agreement**”).

Artis invests and trades the assets of the Funds primarily, but not solely, in equity and equity-related securities of U.S. and non-U.S. issuers, including publicly-traded and privately-placed equity securities, but is authorized to enter into any type of investment transaction that it deems appropriate in accordance with the terms of the applicable Fund’s Advisory Agreement.

Artis’ advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Artis may serve as the investment adviser or general partner to the Funds in order to provide such services.

Artis’ investment advice is generally provided directly to the Funds (subject to the direction and control of the general partner or directors of each such Fund, if applicable), and not individually to the investors in the Funds. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Funds.

Artis’ principal indirect owner is Stuart L. Peterson. As of December 31, 2014, Artis had total discretionary assets under management of approximately \$25,923,310. Artis only manages assets on a discretionary basis.

Item 5. Fees and Compensation

Artis typically charges the Funds an annual management fee with respect to each investor of up to 2.0% per annum of the net asset value of that investor's investment, which amount is payable in monthly or quarterly installments at the beginning of each calendar month or quarter based on the net asset value on the date the fee accrues and becomes payable.

Artis (or an affiliate) also typically is allocated with respect to each investor in the Funds that are structured as limited partnerships a performance allocation of up to 20% of net profits (including both realized and unrealized gains and losses) otherwise allocable to that investor and receives a performance fee from each non-U.S. Fund of up to 20% of each shareholder's net profits (including both realized and unrealized gains and losses). Performance fees and allocations generally are assessed in arrears on an annual basis, and generally are only applied to profits that exceed the cumulative losses previously incurred by or allocated to the respective investors in the Funds.

The precise amount of, and the manner and calculation of, the management fees and performance-based fees/allocations for each Fund are established by Artis, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund's investment management agreement, organizational documents and/or other documentation received by each investor prior to investment in such Fund. The management fees, performance-based fees/allocations and other fees and distributions described above are generally subject to waiver or reduction by Artis in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

Artis does not currently charge, or has waived, the annual management fees for some of the Funds.

Performance allocations and fees may create an incentive for Artis to make more risky and speculative investments than it would otherwise make.

Artis typically deducts management fees, performance allocations, preferential distributions and fees directly from each Fund in consultation with the relevant Fund's administrator.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in a Fund to use the "alternative reporting option" to report Artis' compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

Artis' relationship with each Fund that is structured as a limited partnership or limited liability company is terminable on expiration of the entity's term, dissolution of the entity or company or on Artis' withdrawal as general partner, manager or investment adviser. Except as may be otherwise negotiated in particular cases, any of Artis' other Fund clients (such as certain non-U.S. Funds) may terminate its relationship with Artis by giving 60 days' prior written notice.

Expenses, the pro rata portion of any management fee and the performance allocation or fee through the date of termination are generally charged to the applicable Fund. Generally, all prepaid but unearned management fees are refunded to the Fund on termination of the Fund's investment advisory relationship with Artis. An investor who withdraws from a Fund does not receive a refund of any management fee previously paid.

Each Fund is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and the fees and expenses charged by any Fund administrator for its accounting, bookkeeping and other services. Artis generally bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. All or part of these costs and expenses may be paid, however, by securities brokerage firms and futures commission merchants that execute the Funds' securities trades, as discussed in Item 12 below.

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

Artis currently manages only Funds that pay performance-based fees and allocations as described in Item 5. It does not manage Funds that do not pay performance-based fees and allocations (other than Funds comprised solely of Artis' personnel and their affiliates, which do not pay any management or performance-based fees or allocations). The differences in the amount of performance-based fees or allocations that various Funds pay may create an incentive for Artis to disproportionately allocate time, services or functions to Funds paying at a higher rate, or disproportionately allocate investment opportunities to such Funds. Please see Item 11 below for a discussion of these potential conflicts and the ways in which Artis may seek to address them.

Item 7. Types of Clients

Artis provides investment advice and management to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner or directors of each such Fund, if applicable) and not individually to investors in such Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities. Investors in the Funds are generally required to invest a minimum of \$1 million, but Artis may waive this minimum in its sole discretion.

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

Investment Strategies

Funds. Artis' Funds have ceased making new investments and have been or are being wound down. Artis intends to liquidate the positions in each Fund when it believes it is appropriate. Artis Funds invested in and traded principally, but not solely, in equity and equity-related securities of U.S. and non-U.S. issuers. The Funds also purchased securities on margin, trade publicly traded and over-the-counter options (including covered and uncovered puts and calls), and engage in short selling, hedging and other investment strategies. Artis' Funds hold illiquid securities but are not expected to make new investments in securities of private companies. Artis' Funds also invested in, among other things, preferred stocks, convertible securities, warrants, rights, swaps and other derivative instruments, bonds and other fixed income securities,

non-U.S. securities, non-U.S. currencies, futures, options on futures, other commodity interests and money market instruments. The Funds are not open for investment.

General Disclosure

The investment strategies summarized above represent Artis' current intentions, are general in nature and are not exhaustive. Generally, there are no limits on the types of securities in which Artis may take positions on behalf of the Funds, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. Artis may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. Depending on Artis' assessment of conditions and trends in securities and commodities markets and the economy generally, Artis may pursue any objectives or use any techniques that it considers appropriate and in the Funds' interests.

Risk Factors

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments. Artis cannot assure investors that it will be able to successfully select, make and realize investments in any particular company, and there is no assurance that Artis will generate returns or generate returns that will be commensurate with the risk of the types of investing in which Artis expects to engage.

Below are brief summaries of certain material risks relating to the investment strategies and methods of analysis that Artis and the Funds use and the types of securities that the Funds purchase. Potential investors in a Fund should, however, review such Fund's offering circular or private offering memorandum carefully and in its entirety, including the risk summaries contained therein, before deciding whether to invest in that Fund.

- A Fund may not achieve its investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect a Fund's investments.
- A Fund may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.
- Funds may be concentrated in securities of technology sector companies, many of which may have micro- to small-sized market capitalizations. Those securities involve substantially higher risks than do investments in securities of non-technology sector and larger companies.
- Artis may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.

- Artis may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. Artis also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a Fund when the Fund could make a profit or avoid losses.
- Artis may sell securities short, which theoretically creates a risk of unlimited losses if the prices of the securities sold short increase.
- Management and stockholders of an issuer may seek to prevent or hinder short sales of the issuer's securities, for example through lawsuits alleging market manipulation. Artis could be subject to such actions, even if they are baseless, and Funds could incur substantial costs defending them. In addition, governments may impose restrictions (with or without prior notice) on short sales. Any such action could adversely affect the Funds.
- Artis may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movements in a hedging instrument and the security hedged do not always correlate closely, which may result in losses on both the hedged security and the hedging instrument. Artis is not obligated to hedge a Fund's portfolio positions, and it frequently may not do so.
- Artis may use leverage by, among other things, borrowing on margin and entering into swaps and other derivatives contracts, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- Artis may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- Artis may cause a Fund to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- Counterparties such as brokers, dealers, futures commission merchants, custodians and administrators with which Artis does business on behalf of Funds may default on their obligations. For example, a Fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- Artis may cause Funds to invest in securities issued by non-U.S. companies and government issuers. The risks of these investments include: political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- If a Fund takes a position in a private company, such private company could require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all,

or on acceptable terms. The technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital.

- The marketability and value of a Fund's investments in private companies will depend on many factors beyond Artis' control. There will be no readily available market for a Fund's private investments. The public market for high technology and other emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of a Fund to dispose of investments, and the value of investment securities on the date of sale or distribution by a Fund.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have fluctuated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors such as the Funds.
- Artis may acquire for a Fund a large position in an issuer's securities but the Fund nevertheless often will have limited ability to influence the issuer's management. In addition, if Artis holds a large position in an issuer's securities, it could depress the market for those securities.
- A Fund's investments typically will not be diversified. Therefore, a loss in any one position, industry, sector or region in which a Fund has invested may cause significant losses.
- A Fund may invest in restricted securities that are subject to long holding periods or that are not traded in public markets, or otherwise invest in securities that are, or become, illiquid. These securities may be difficult or impossible to sell at prices comparable to the market prices of similar more liquid securities, and may never become liquid.
- Artis determines the value of securities and commodities held in Fund accounts, whether or not a public market exists for such instruments. If Artis' valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in a Fund might receive an interest that is worth more or less than the investor paid and an investor that is withdrawing assets might receive more or less than the amount to which the investor is entitled. As such, inaccurate valuations have the potential to harm new investors, existing investors, withdrawing investors and/or the Funds.
- Subject to certain exceptions, a Fund, and not Artis, is responsible for any trade errors that Artis makes in an account, even when the error hurts the Fund.
- Artis and its affiliates and agents generally are not responsible to a Fund for that Fund's losses unless the conduct meets an exception to the specific limitation of liability provisions in the agreements that govern Artis' or its affiliates' relationship with that Fund.

- There is not and will not be an active market for Fund interests. It will often be impossible to transfer any such interests.
- A Fund may limit or suspend withdrawals or redemptions of an investor's assets from the Fund.
- A Fund may establish a reserve for contingencies if Artis considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- If the assets that Artis and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Artis to find attractive investments as the amount of assets that it must invest increases.
- Artis and its affiliates may spend time on activities that compete with a Fund, including investing for other Funds and their own accounts or for funds managed by AVM. If Artis or AVM receives better compensation and other benefits from managing certain Funds compared to managing another Fund, each has an incentive to allocate more time to those other activities. These factors could influence Artis not to allocate, or to allocate less of, an investment to a Fund even if such investments would benefit the Fund.
- Artis may provide some investors in the Funds more frequent or detailed reports, special compensation arrangements, withdrawal, transfer or redemption rights, co-investment rights or other rights and privileges that it does not provide to other investors.
- Artis' performance-based compensation may create an incentive for Artis to make investments that are riskier or more speculative than it would make if it did not receive such compensation.
- A Fund may not be able to generate cash necessary to satisfy investor withdrawals and redemptions. Substantial withdrawals and redemptions in a short period could force Artis to seek to liquidate investments rapidly, which could adversely affect Fund performance.
- A Fund may dissolve or expel any investor at any time, even if such actions adversely affect the Fund or certain investors.
- Artis, an administrator or any government agency may freeze or take other actions regarding assets that any of them believes a Fund may hold in violation of certain anti-money laundering laws or rules. None of Artis, a Fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- The Funds may have higher portfolio turnover rates. Such high rates of portfolio turnover generally lead to greater brokerage and other transaction costs for such Funds, may act to reduce such Funds' investment gains or create a loss for such Funds, and

may cause adverse tax consequences for such Funds and their investors. Each of these factors could adversely affect Fund performance.

- Artis is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator. The equity interests in the Funds are not registered under the Securities Act of 1933, and the Funds are not registered investment companies under the Investment Company Act of 1940. If a regulatory authority deems that any of these registrations is required, Artis and the applicable Funds could be subject to legal or other actions that may make the continued management of the Funds impossible, prohibitively expensive and/or difficult. In addition, investors in the Funds do not have certain regulatory protections that they would have if these registrations were in place.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative or other securities, which may increase the time and resources that Artis must devote to regulatory compliance, to the detriment of investment activities.
- Artis' investment activities could cause adverse tax consequences to Funds and investors, including liability for interest and penalties.
- If a Fund were to become subject to the Employee Retirement Income Security Act of 1974 ("ERISA") and a transaction in which the Fund engages were to constitute (or be alleged to constitute) a prohibited transaction under ERISA, the Fund and its investors could be adversely affected.
- An employee of Artis was charged with criminal and civil violations related to alleged insider trading by such employee. While these charges do not allege wrongdoing by Artis or other employees, the investigations are ongoing, and certain key individuals at Artis may be required to devote significant attention and resources to these matters that could otherwise be devoted to investment activities on behalf of the Funds. Additional charges may also be filed in connection with the alleged insider trading by such employee, requiring additional attention and resources to be devoted to these matters, and which, if sufficiently time consuming may require Artis to limit or cease investment activities.
- If a Fund becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.

The above is only a brief summary of some of the important risks that a Fund or investor may encounter. Before deciding to invest in a Fund, you should consider carefully all of the risk factors and other information in the Fund's offering circular or private offering memorandum.

Item 9. Disciplinary Information

See Item 8 above regarding charges against an employee of Artis who was not a management person. Artis and its management persons, however, have no reportable material legal or

disciplinary events and have not been named in any proceeding related to the alleged insider trading.

Item 10. Other Financial Industry Activities and Affiliation

As noted in the Items above, Artis is the investment adviser to the Funds. Artis or one of its affiliates is the general partner or co-manager of those Funds that are organized as limited partnerships or limited liability companies.

Artis' affiliate, AVM, is an SEC registered investment adviser that provides investment advice to ventures funds and special purpose vehicles that invest primarily in privately traded securities. Please refer to the ADV of AVM, IARD/CRD Number 168686, for more information regarding its activities and investment business.

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

Code of Ethics

Artis has adopted a Code of Ethics that establishes standards of conduct for Artis' personnel. The Code of Ethics includes general requirements that Artis' personnel comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, employee conduct and insider trading.

Subject to certain restrictions in the Code of Ethics, personnel of Artis and their families and households may purchase certain investments for their own accounts, including the same investments as may be purchased or sold for a Fund. Under the Code of Ethics, Artis personnel are also required to file certain periodic reports with Artis' Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps Artis detect and prevent potential conflicts of interest and certain regulatory issues.

Artis' personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Artis' personnel are required to certify periodically their compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any Fund or to any other client or prospective client of Artis, by contacting Artis' Chief Compliance Officer at (415) 344-6200.

Participation or Interest in Client Transactions

Artis and certain employees and affiliates of Artis may invest in the Funds, alongside the Funds as direct or indirect investors in various investments in which one or more Funds invest or otherwise. Artis or its affiliates, as applicable, may reduce all or a portion of the management fees and performance fees/allocations related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

Artis and its affiliates engage in a broad range of activities, including investing for their own accounts and for the account of the Funds, and providing transaction-related, investment advisory, management and other services to Funds and operating companies. Artis' and its affiliates', including AVM's, interests may conflict with the interests of the Funds. Certain of these conflicts of interest, as well as a description of how Artis addresses such conflicts of interest, can be found below.

Resolution of Conflicts

In the case of all conflicts of interest, Artis' determination as to which factors are relevant, and the resolution of such conflicts, will be made using Artis' best judgment, but in its absolute discretion. In resolving conflicts, Artis may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless Artis believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund; and
- Certain conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds.

Conflicts

The material conflicts of interest that a Fund may encounter include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Fund may face. The Funds have ceased making new investments and have been or are being wound down, which limits the likelihood that many of the conflicts discussed below will arise with respect to the Funds. Other conflicts may be disclosed throughout this brochure, and this brochure (along with the relevant Funds' offering circulars or private offering memorandums) should be read in its entirety for other conflicts.

Conflicts with AVM

In addition, Artis' affiliate, AVM, advises private investment funds that typically invest in private securities. From time to time the Funds have taken positions in private securities. As a result, occasionally, the funds managed by AVM may seek to trade the same securities that are concurrently being traded for some of the Funds. Additionally, the funds managed by AVM may have substantial positions in companies the securities of which a Fund may subsequently purchase in the open market. Artis and its affiliated persons may co-invest with the AVM funds or the Funds in such securities, or such affiliated persons may receive stock options from portfolio companies in exchange for acting as a director or providing consulting services. In

these and other situations, Artis or its affiliated persons may directly or indirectly benefit from the subsequent investment by a Fund or an AVM managed fund. Furthermore, in situations where a Fund and an AVM fund have invested in securities of the same private companies, if those securities become publicly tradable, the AVM fund generally distributes those securities in-kind to the investors in that fund and the Fund typically sells those securities. Artis and AVM determine the timing of those distributions and sales based on market conditions and the investment objectives of the applicable Funds and the AVM funds, in a fair and equitable manner as they deem appropriate.

Allocation of Investment Opportunities

In connection with its investment activities, Artis and its affiliates may encounter situations in which they must determine how to allocate investment opportunities among the Funds and other persons, which may include, but are not limited to, the following:

- The Funds, as well as vehicles organized as parallel investment entities and formed to invest side-by-side with one or more of the Funds (either in all transactions entered into by such Fund(s) or in a limited subset of such investments) and/or to facilitate investments by certain foreign or tax-exempt persons or business associates and other “friends and family” of Artis or its personnel;
- Any alternative investment vehicles formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Funds and other pooled investment vehicles managed by AVM;
- Any co-investment vehicles formed to invest side-by-side with one or more Funds in particular transactions entered into by such Fund(s) (the investors in such Co-Investment Vehicles may include individuals and entities that are also investors in one or more Funds (“**Current Investors**”) and/or individuals and entities that are not investors in any Funds (“**Third Parties**”)); and
- Current Investors, Third Parties and/or persons affiliated with Artis or its personnel, that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s).

In recognition of its fiduciary duties, it is Artis’ policy to treat the Funds fairly and equitably in the allocation of investment opportunities and transactions more generally. Artis has adopted written policies and procedures relating to the allocation of investment opportunities.

A Fund may be subject to investment allocation requirements (collectively, “**Investment Allocation Requirements**”) set forth in the instrument under which the Fund was established (such as a Fund’s limited partnership agreement or private placement memorandum), or in side letters. To the extent a Fund’s Investment Allocation Requirements do not include specific allocation procedures and/or allow Artis discretion in making allocation decisions among the Funds, Artis will generally follow the process set forth below. Please refer to a relevant Fund’s private placement memorandum and offering circular as well as that Fund’s governing

documents (such as a Fund's limited partnership agreement) for a description of relevant Investment Allocation Requirements for that Fund, if any.

Artis must first determine which Funds will participate in an investment opportunity. Artis assesses whether an investment opportunity is appropriate for a particular Fund, based on the Fund's investment objectives, strategies and structure. A Fund's investment objectives, strategies and structure typically are reflected in the Fund's offering memoranda and organizational documents. Prior to allocating an investment to a Fund, Artis determines whether additional factors may restrict or limit the allocation of the investment to that Fund. Possible restrictions may include, but are not limited to:

- Legal Obligation: Artis may be required to allocate an investment to one or more Funds pursuant to a Fund's offering documents and/or operating agreement.
- Related Investments: Artis may (but is not required to) allocate an investment related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited allocation to, other Funds.
- Legal, Regulatory and Other Exclusions: Artis may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory, tax and contractual restrictions placed on the participation of such persons in certain types of investments.

Once the Funds that will participate in a particular investment have been identified, Artis, in its discretion, decides how to allocate such investment among the identified Funds. In allocating such investment among the identified Funds, Artis may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each Fund's investment objectives and investment focus;
- Each Fund's liquidity and reserves;
- Each Fund's diversification;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow and margin considerations;
- Asset class restrictions or guidelines;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;

- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents of each Fund.

Artis will seek to allocate investments among the Funds in a fair and equitable manner. Further, Artis will not allocate investments based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Fund.

Artis' exercise of its discretion in allocating investment opportunities among the persons and in the manner discussed above or in accordance with the Investment Allocation Requirements may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While Artis will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Artis may be subject, discussed herein, did not exist.

The appropriate allocation between Funds, AVM funds, Current Investors and Third Parties of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Artis and its affiliates in their good faith discretion.

In exercising its discretion to allocate investment opportunities and fees and expenses, Artis may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, Artis may have an incentive to allocate investment opportunities to the Funds from which Artis or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, Artis' personnel and their affiliates invest in Funds and therefore participate indirectly in those Funds' investments. Their interests will vary Fund by Fund, which creates conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Conflicts Related to Purchases and Sales

Conflicts may arise when several Funds make investments together, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a target company's capital structure. Conflicts may arise in determining the terms of investments, particularly where different Funds may invest in different types of securities in a single target company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring

or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same target company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as Artis determines. Investments by more than one Fund in a company may also raise the risk of using assets of some Funds to support positions taken by other Funds. Artis' employees and related persons and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that a Fund's return in a particular transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

Cross-Transactions

In certain cases, Artis may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not offering such buy and sell transactions to the open market, a Fund may not receive the best price otherwise possible, or Artis might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund to, for example, earn additional fees. Additionally, in connection with such transactions, Artis, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). Artis and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds through performance-based fees or allocations. To address these conflicts of interest, to the extent such matters are not addressed in the Investment Allocation Requirements, Artis' Chief Compliance Officer, in consultation with Artis' portfolio managers, will be responsible for confirming that Artis (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, (iii) obtains any required approvals of the transaction's terms and conditions and (iv) complies with applicable regulatory requirements.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. Artis has established certain policies and procedures to

comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents and related documents relating to the Funds may contain additional restrictions on the ability of the Funds or Artis to engage in principal transactions.

Management of the Funds

Artis' personnel typically are responsible for managing several Funds (including Funds that may be formed in the future) and are responsible for managing the funds for which AVM serves as the investment adviser. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

Other Conflicts Relating to Artis and its Affiliates

Artis, its personnel and their affiliates may buy or sell securities or other instruments that Artis also has recommended to Fund, and may buy securities in transactions that Artis considered, but rejected, as Fund investments. Any such transactions are subject to the policies and procedures set forth in Artis' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If Artis, its personnel, or their affiliates have made large capital investments in or alongside the Funds, they may have conflicting interests with respect to these investments.

Performance-Based Fees/Allocations

To the extent there are differences in the amount of performance-based fees or allocations that various Funds pay or that funds managed by AVM pay, it may create an incentive for Artis or AVM to disproportionately allocate time, services or functions to Funds or AVM funds paying at a higher rate, or disproportionately allocate investment opportunities to such Funds or AVM funds. Artis attempts to resolve those issues by following its policies as described in "Allocation of Investment Opportunities" above.

Diverse Membership

The investors in the Funds include U.S. taxable and tax-exempt individuals and entities, as well as various non-U.S. investors. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions that Artis makes, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, Artis and its affiliates will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Business with Service Providers and Investors

Artis has service providers, including for example, investment bankers and prime brokers, who may be investors in Funds, who provide services to businesses that compete with Artis or who otherwise have a relationship with Artis or its personnel. Artis may have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide Artis information about markets and industries in which Artis operates or will provide other services that benefit Artis or its personnel. There is a possibility that Artis, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Artis and its affiliates may from time to time utilize the services of investors in the Funds and their affiliates on an arm's length basis, as they deem appropriate. Artis has an incentive to favor such services even if a better price or quality of service could be obtained from another person.

Side Letter Agreements

Artis may provide some investors in the Funds more frequent or detailed reports, special compensation arrangements, withdrawal, transfer or redemption rights, co-investment rights or other rights and privileges that it does not provide to other investors.

Item 12. Brokerage Practices

Selecting Brokers and Dealers. Artis has complete discretion in selecting the broker or futures commission merchant that it uses for each Fund's transactions and the commission rates that the Funds pay such brokers and futures commission merchants. In selecting a broker or futures commission merchant for any transaction or series of transactions, Artis may consider a number of factors, including, for example:

- net price, clearance and settlement;
- efficiency of execution and error resolution;
- the availability of stocks to borrow for short trades;
- custody, recordkeeping and similar services;
- referral of prospective investors;
- special execution capabilities;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- reputation, financial strength and stability; and
- offering to Artis on-line access to computerized data regarding clients' accounts.

Soft Dollar Arrangements. Artis does not anticipate that it will receive any "soft dollars" in connection with its brokerage practices, although it may purchase from a broker or futures

commission merchant or allow a broker or futures commission merchant to pay for the following (each a “**soft dollar**” relationship):

- research services;
- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- technical data;
- recommendations;
- general reports;
- consultations;
- performance measuring data;
- on-line pricing;
- computer hardware and software;
- newswire and data processing charges;
- proxy voting services; and
- quotation services.

Artis may receive soft dollar credits based on principal, as well as agency, securities transactions with brokers and futures commission merchants or direct a broker or futures commission merchant that executes transactions to share some of its commissions with a broker or futures commission merchant that provides soft dollar benefits to Artis.

During Artis’ last fiscal year, it acquired, among others, the following types of products and services with Fund brokerage commissions or markups:

- research services;
- economic and market information;
- portfolio strategy advice; and
- order management systems (to the extent used for research and brokerage).

Artis may pay to a broker or futures commission merchant commissions and mark-ups that exceed those that another broker or futures commission merchant might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker or futures commission merchant provides. Artis determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Artis’ overall fiduciary duty to the Funds. A Fund may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from Artis’ brokerage relationships may benefit Artis’ operations as a whole and the Funds, including Funds that do not generate the soft dollars that pay for such research and other benefits. Artis may not allocate soft dollar benefits to Funds proportionately to the soft dollar credits that the accounts generate.

Artis has retained Goldman Sachs & Co. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated (together, the “**Prime Brokers**”) to serve as the prime brokers and custodians of

some or all of the Funds, pursuant to a prime brokerage agreement entered into between the applicable Fund and each such firm. Each prime brokerage agreement contains provisions that limit that Prime Broker's liability to the Fund and under which the Fund must indemnify that Prime Broker. Artis may replace any Prime Broker or appoint an additional prime broker and custodian at any time. The services that these Prime Brokers currently provide may include providing custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage agreement entered into between a Fund and a Prime Broker. The Prime Brokers have custody of most of the Funds' assets and provide Artis with other services. These services may include, but are not limited to: technology services, capital introduction services, portfolio reporting and access to electronic communications networks. Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Artis did not receive these services from the Prime Brokers, Artis may be required to pay for all or some portion of them. Artis is not required to direct a particular number of trades to the Prime Brokers or to continue to use any Prime Broker as a Fund's custodian, but it has an incentive to do so based on the Prime Broker's prior and continued services. Goldman Sachs & Co.'s address is 555 California St., 45th Floor, San Francisco, California 94104. Merrill, Lynch, Pierce, Fenner & Smith Incorporated's address is 600 California St., 8th Floor, San Francisco, California 94108.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If Artis uses commission dollars to pay for products or services that provide certain administrative or other nonresearch assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor.

Artis' relationships with brokers and futures commission merchants that provide soft dollar services influence Artis' judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. Artis has an incentive to select or recommend a broker or futures commission merchant based on Artis' interest in receiving soft dollar services rather than the Funds' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Artis uses soft dollars to pay expenses it would otherwise be required to pay itself.

Artis addresses these conflicts of interest by regularly evaluating the trade execution services it receives from the brokers and futures commission merchants it uses to execute trades for the Funds, including comparing those services to the services available from other brokers and futures commission merchants to determine if Artis is achieving best execution in the Funds' transactions. Matters that are evaluated may include, among others, the quality of execution services, the desirability of continuing with various soft dollar services and the desirability of adding or removing brokers and increasing or decreasing targets for each broker (based on Artis' assessment of the value that each broker adds to the Funds) and the appropriate level of commission rates.

A Fund's obligations to its custodian are secured by a first priority perfected security interest over all of the Fund's assets held in custody by that custodian. A custodian may transfer to itself all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes.

Referrals. Artis may direct a certain amount of brokerage to a broker or futures commission merchant in return for the broker's or futures commission merchant's referral of prospective investors in the Funds. Directing brokerage in exchange for investor referrals creates a conflict of interest in that Artis has an incentive to refer the Funds' brokerage business to brokers and futures commission merchants to which it might not otherwise direct transactions. During its last fiscal year, Artis did not direct any Fund's transactions to a particular broker or futures commission merchant in return for investor referrals.

No Directed Brokerage. Artis does not permit its Funds or investors to direct Artis to use specific brokers.

Trade Aggregation. Artis may aggregate securities sale and purchase orders for a Fund with similar orders being made contemporaneously for other Funds that Artis manages or with accounts of its affiliates. In such event, Artis may charge or credit a Fund the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the Fund than it would be if Artis were not executing similar transactions concurrently for other Funds.

Item 13. Review of Accounts

Stuart L. Peterson, Artis' President, manages and reviews the Artis Core Funds and the Artis 2X Funds. Stuart L. Peterson and Michael Harden manage and review the Artis Aggressive Growth Funds. Asset allocation, cash management, market prospects and individual issue prospects are considered. Particular attention is given to changes in company earnings, industry outlook, market outlook and price levels.

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund, as well as, with respect to the Funds, monthly unaudited performance reports. Artis may from time to time, in its sole discretion, provide additional information relating to a Fund to one or more investors in such Fund as it deems appropriate.

Item 14. Client Referrals and Other Compensation

Artis pays cash or a portion of the management fees it receives with respect to investors in its Funds that were referred to Artis by a firm with whom Artis previously had an investor servicing agreement.

Item 15. Custody

The custodians of certain Funds send account statements at least quarterly to the investors in such Funds. Each such investor should carefully review those statements and compare them with the statements that such client receives directly from Artis, if any.

Item 16. Investment Discretion

Artis has discretionary authority to manage each Fund organized as a limited partnership pursuant to a grant of authority in that Fund's limited partnership agreement. Artis has discretionary authority manage each other Fund pursuant to a limited power of attorney in each such Fund's investment management agreement.

In the case of each non-U.S. Funds, such discretion is limited by the requirement that the applicable non-U.S. Fund's board of directors advise Artis of the Fund's investment objectives, any changes or modifications to those objectives and any specific investment restrictions relating to the Fund. A Fund's board must promptly notify Artis in writing if the board considers any investments recommended or made for the Fund to violate such objectives or restrictions. A Fund's board may at any time direct Artis to sell any securities or take such other lawful actions as the Fund's board may specify to cause the Fund to comply with its investment objectives. In addition, a Fund's board may notify Artis at any time not to invest in specific securities or specific categories of securities.

Item 17. Voting Client Securities

Artis decides whether to vote proxies on behalf of each account over which Artis has proxy voting authority after considering whether the proposal will have a material effect on the account's investment strategy. This analysis may lead Artis to not vote proxies. In determining whether a proposal serves a Fund's best interests, Artis considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company.

When Artis deems appropriate, in its absolute discretion, Artis may retain one or more proxy voting firms to provide research, recommendations and voting services on proxy voting issues. Generally, Artis instructs such firms to make voting decisions on behalf of each Fund based on the considerations described in the proxy voting guidelines that such firms periodically provide to Artis. Artis may override such firm's voting decisions if Artis deems it in the Funds' best interests. If Artis does not affirmatively override a voting proxy firm's recommended voting decision, the voting proxy firm will vote in accordance with its recommendation.

If a material conflict of interest over proxy voting arises between Artis and a client, Artis will vote all proxies in accordance with the policy described above. If Artis determines that this policy does not adequately address the conflict of interest, Artis will notify the client of the conflict and request that the client consent to Artis' intended response to the proxy solicitation.

If the client consents to Artis' intended response or fails to respond to the notice within a reasonable time specified in the notice, Artis will vote the proxy as described in the notice. If the client objects in writing to Artis' intended response, Artis will vote the proxy as the client directs.

An investor in a Fund can obtain a copy of Artis' proxy voting policy and a record of votes cast by Artis on behalf of the relevant Fund by contacting Artis' Chief Compliance Officer at One Market Plaza, Steuart Street Tower, Suite 2700, San Francisco, CA 94105, (415) 344-6200.

Item 18. Financial Information

Not Applicable.

Item 19. Requirements For State-Registered Advisers

Not Applicable.

Trade Error Policy

Artis places orders for the purchase and sale of securities with brokers on behalf of the Funds. The trading process can be complex and can vary for different types of securities. Moreover, Artis may be required to break up orders, or may buy or sell the same security for more than one Fund, further complicating the trading process. Subject to certain exceptions, trade errors made or caused by Artis or its affiliates and any costs or losses associated with those errors generally are the responsibility of the Funds.

Privacy Policy

Artis and the Funds:

- collect non-public personal information about their clients and investors from the following sources:
 - information received from clients or investors in subscription agreements or other forms, and
 - information about clients' or investors' transactions with Artis, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted or required by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

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