

**Item 1 – Cover Page**

**UGVP Management, LLC  
(dba Union Grove Venture Partners)**

301 W. Barbee Chapel Rd.  
Suite 220  
Chapel Hill, NC 27517  
(866) 491-8550  
[www.ugvp.com](http://www.ugvp.com)

3/27/2015

This Brochure provides information about the qualifications and business practices of UGVP Management, LLC. (“UGVP” of the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (866) 491-8550 or reach us by email at [pc@ugvp.com](mailto:pc@ugvp.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 UGVP Management, LLC also is 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 UGVP OR ANY PRINCIPALS OR EMPLOYEES OF UGVP POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

## **Item 2 – Material Changes**

UGVP's website changed from [www.uniongrovevp.com](http://www.uniongrovevp.com) to [www.ugvp.com](http://www.ugvp.com).

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Patrick Cairns at (866) 491-8550 or [pc@ugvp.com](mailto:pc@ugvp.com). Additional information about UGVP Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 3 – Table of Contents**

ITEM 1 – Cover Page.....	1
ITEM 2 – Material Changes.....	2
ITEM 3 – Table of Contents.....	3
ITEM 4 – Advisory Business.....	4
ITEM 5 – Fees and Compensation.....	6
ITEM 6 – Performance-Based Fees and Side-By-Side Management.....	10
ITEM 7 – Types of Clients.....	11
ITEM 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	12
ITEM 9 – Disciplinary Information.....	33
ITEM 10 – Other Financial Industry Activities and Affiliations.....	34
ITEM 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	36
ITEM 12 – Brokerage Practices.....	38
ITEM 13 – Review of Accounts.....	41
ITEM 14 – Clients Referrals and Other Compensation.....	42
ITEM 15 – Custody.....	43
ITEM 16 – Investment Discretion.....	44
ITEM 17 – Voting Clients Securities.....	45
ITEM 18 – Financial Information.....	46

#### **ITEM 4 – Advisory Business**

UGVP Management, LLC ("UGVP" or the "Adviser") is a limited liability company that was formed on February 7, 2014 in the State of North Carolina. Greg Bohlen, Patrick A. Cairns and John A. Spilman V jointly own 100% of UGVP.

UGVP generally provides investment advisory and subadvisory services to various private investment funds, as well as certain investment accounts (collectively, the "UGVP Funds"). The Adviser makes investment decisions on behalf of many of the UGVP Funds (such UGVP Funds, the "UGVP Discretionary Funds") and makes investment recommendations on behalf of other UGVP Funds (such UGVP Funds, the "UGVP Advisory Funds"). A related person of the Adviser generally acts as general partner of each UGVP Discretionary Fund. The Adviser takes whatever actions are necessary to monitor the activities of any investments made by the UGVP Funds and the financial position of the general partners of the UGVP Discretionary Funds. The UGVP Funds typically invest in securities that are not publicly traded, including investments in venture capital and private equity investment funds ("Investment Funds") and early and growth stage operating companies ("Direct Investments"). The Adviser may also make investment decisions with respect to the securities of public and private companies held by the UGVP Funds. The Adviser manages all of the UGVP Discretionary Funds on a discretionary basis in accordance with the terms and conditions of each UGVP Discretionary Fund's Governing Documents (as defined below). The Adviser manages the UGVP Advisory Funds on a non-discretionary basis in accordance with the terms of each UGVP Advisory Fund's Governing Documents. Investment recommendations made to the UGVP Funds are often subject to approval by an advisory committee or similar entity. In the future, UGVP may provide advisory services to other types of advisory clients.

Interests in the UGVP 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 UGVP Funds are formed to make, hold and dispose of privately negotiated equity and equity-related investments, either in Investment Funds or Direct Investments.

The Adviser tailors its advisory services to the specific investment objectives and investment restrictions of each UGVP Fund pursuant to the confidential private placement memorandum, limited partnership agreement and other governing documents of such UGVP 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 UGVP Fund. There is no assurance that any of the UGVP Funds' investment objectives will be achieved.

In accordance with common industry practice, one or more of the UGVP 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 result in a material change in the investment objectives of the UGVP Funds.

The Adviser does not participate in wrap fee programs.

As of March 27, 2015, the Adviser has \$103.6 million under management on a discretionary basis, and \$106.8 million under management on an advisory basis.

## **Item 5 – Fees and Compensation**

### *Compensation and Fee Schedules*

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

For its advisory, administrative and management functions, the Adviser generally receives an advisory fee from each of the UGVP Funds equal to a percentage of the commitments to a UGVP Fund, capital drawn by a UGVP Fund, the total amount of capital committed to the Investment Funds and/or Direct Investments of a UGVP Fund and/or the cost basis or the fair market value of a UGVP Fund's investments. The percentage amount varies with the type of UGVP Fund and over the life of the UGVP Fund, and where paid, generally ranges from 0.65% to 1.5% annually, as negotiated and determined at the time a UGVP Fund or advisory arrangement is established. When UGVP is serving in the role of a subadviser to a UGVP Advisory Fund, UGVP may receive its subadvisory fees from the UGVP Advisory Fund's investment adviser or general partner, rather than directly from the UGVP Advisory Fund.

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 UGVP Funds or a portion of the investments made by such UGVP Funds (commonly known as "carried interest"). The carried interest generally ranges from 15% to 20% of a UGVP Fund's cumulative net profits attributable to direct investments (i.e., direct investments in operating companies), if applicable, and 5% of a UGVP 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 UGVP Fund should refer to the Governing Documents of the applicable UGVP 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 UGVP Fund's Governing Documents. The Adviser will directly debit fees from the UGVP Funds' accounts on a quarterly basis.

### *Third Party Management Fees*

Each Investment Fund or other venture or private equity investment vehicle in which a

UGVP 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 Investment Fund's 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 Investment Funds (as discussed in the preceding paragraphs of this Item 5), the UGVP 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 UGVP Fund and this Brochure. Typically, each UGVP 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).

UGVP Fund expenses may include, but are not limited to, the following: organizational expenses (including but not limited to any expenses, legal or otherwise, incurred to form a UGVP Fund and its general partner(s); draft or amend the Governing Document(s) of the UGVP Fund and its general partner(s) for the first or any subsequent closes; negotiate the terms of the UGVP Fund's Governing Document(s) with prospective investors; and prepare, draft and negotiate side letters relating to certain investors' investments in the UGVP Fund); syndication costs; liquidation expenses; sales or other taxes; fees or government charges which may be assessed against the UGVP Fund and its general partner(s) and related entities (including any feeder fund or alternative investment vehicle); commissions or brokerage fees or similar charges incurred in connection with the purchase or sale of securities; fees paid to the UGVP Funds' administrator, banks and custodians ("Service Providers"); all costs associated with scheduling and holding meetings or conferences with investors; interest expense for borrowed money; investment related travel costs (often subject to certain limits); expenses incurred related to litigation and threatened litigation involving the UGVP Funds and their general partner(s) and related entities (including any feeder fund or alternative investment vehicle); expenses incurred related to audits of the UGVP Funds and their general partner(s) and related entities (including any feeder fund or alternative investment vehicle) conducted by regulatory bodies (including but not limited to the cost of completing IRS audits and fees incurred for assistance in responding to such audits); expenses attributable to automated reporting systems and other "back office" support functions; expenses attributable to normal and extraordinary investment banking and commercial banking (including but not limited to bank account fees, wire fees, and foreign exchange fees charged by commercial banks); tax accounting expenses (including

but not limited to expenses incurred to prepare all tax forms, file all tax forms, and prepare tax liability calculations; accounting audit expenses; appraisal fees; legal expenses; expenses attributable to 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 UGVP Funds and their general partner(s) and related entities (including any feeder fund or alternative investment vehicle) are organized); premiums for liability insurance to protect the UGVP Funds and their general partner(s) and related entities (including any feeder fund or alternative investment vehicle), any Service Provider, and any of their respective investors, partners, members, stockholders, officers, directors, managers, employees, consultants, agents or affiliates of the foregoing in connection with the activities of the UGVP Fund; all other direct and indirect expenses relating to the purchase, holding, valuation and disposition of portfolio investments (including but not limited to brokerage commissions, transaction fees, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions); all expenses incurred to meet and remain compliant with any and all objectives and/or requirements of each UGVP Fund as specified in the applicable Governing Document(s), which include side letters of each UGVP Fund and its general partner(s), and related entities (including any feeder fund or alternative investment vehicle); and all other expenses properly chargeable to the activities of the UGVP Fund.

The Adviser's advisory fees and carried interest are exclusive of and in addition to the aforementioned fees, costs and expenses. Generally, the Adviser shall not pay any portion of these fees, costs or expenses.

As described above, the UGVP 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.

Item 12 further describes the factors that UGVP 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 based on a UGVP Fund's Governing Documents. 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 UGVP 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 UGVP 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 UGVP 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 UGVP 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 UGVP Fund(s) with respect to which such benefits are derived.

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

A related person of the Adviser, as general partner of each UGVP Fund, will receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of such UGVP 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 UGVP 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 UGVP Fund for more complete information on the “performance-based fee” arrangements of such UGVP 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 UGVP Fund are made by the Adviser with respect to all UGVP Funds in accordance with the Adviser’s investment allocation policy, which takes into account multiple criteria, including: the specific investment objectives of each UGVP Fund, the size and capital available for investment by each UGVP Fund, diversification needs, the size of the investment opportunity, current and anticipated market conditions, specific investment restrictions or guidelines applicable to each UGVP Fund, and relevant tax or regulatory considerations. In the event investment opportunities are suitable for more than one UGVP Fund, the Adviser will allocate such investment opportunities in a manner that is fair and equitable to each UGVP Fund relative to the other UGVP Funds over time, taking into account all relevant facts and circumstances.

## **Item 7 – Types of Clients**

The Adviser provides advice to investors in the UGVP Funds. For purposes of this Brochure, it is the UGVP Funds, and not investors in those Funds that are UGVP's clients.

Investors in the UGVP Funds may include but are not limited to corporations, endowments, foundations, trusts, estates, individuals and pension and profit-sharing plans. Interests in the UGVP 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 UGVP 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 UGVP Funds ("Feeder UGVP Funds") to address certain legal, regulatory or tax issues of certain investors. Each Feeder UGVP Fund, if formed, would be a limited partner of a UGVP Fund and interests in such Feeder UGVP Fund would be held by the investors who elect to participate in the UGVP Fund through such Feeder UGVP 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 UGVP Funds and/or investors. Prospective investors should refer to the Governing Documents of the applicable UGVP Fund for complete details on any Feeder UGVP Fund established with respect to such UGVP Fund and such UGVP Fund's ability to make investments through AIVs.

### *Minimum Investment Requirements*

The Adviser and its related persons require that each investor in a UGVP 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 UGVP 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 UGVP Fund. The general partner of each UGVP 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 UGVP Funds with respect to investments in other Investment Funds and publicly traded and privately held operating companies through Direct Investments. The Adviser identifies Investment Funds and Direct Investments 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 Direct Investments 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), 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 UGVP Funds. For certain UGVP Funds, the Adviser will seek to invest in the portfolios of Investment Funds, including venture capital or private equity funds. For certain UGVP Funds, the Adviser will seek to invest in directly in portfolio companies. For certain UGVP Funds, the Adviser will seek to diversify such UGVP Funds' investment portfolios by participating in portfolios of Investment Funds and Direct Investments. Investors should refer to the Governing Documents of the UGVP Funds for complete information on investment strategies employed with respect to a particular UGVP 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 UGVP Funds will be able to make and/or realize, any particular investment or that the UGVP 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 UGVP Fund. Investing in the UGVP Funds involves a risk of loss that investors should be prepared to bear. Investors in the UGVP Funds should carefully consider, among other factors, the following material risks involved with the Adviser's investment strategies. Investors in the UGVP Funds should refer to the Governing Documents of the applicable UGVP Fund for more complete information on the investment strategies employed by such UGVP Fund and the corresponding risks associated with such investment strategies.

## **General Risks Associated with Investing in the UGVP Funds**

**Lack of Significant Operating History.** The Adviser is a recently formed entity with little prior operating history managing private investment funds similar to the UGVP Funds. The investment professionals of the Adviser have worked together during their respective tenures at Morgan Capital Management, LLC (“Morgan Creek”) for only a relatively short period of time.

**Union Grove is not Affiliated with Morgan Creek.** The Adviser and its affiliates are not in any way affiliated with Morgan Creek. Neither the Adviser nor its affiliates claim any performance by any investment or investment vehicle advised or sub-advised by Morgan Creek other than as described specifically in the Governing Documents. Although Morgan Creek provides certain client services and reporting for the UGVP Funds, it is not expected to be involved in the investment or other decisions or management of the UGVP Funds and will not be liable to the Limited Partners or have any responsibility for any investment or other decisions by the Adviser on behalf of a UGVP Fund.

**Illiquidity.** Interests in the UGVP 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 UGVP Fund(s), which consent may generally be withheld in their sole discretion. Withdrawals of interests in the UGVP 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 UGVP 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.

The assets in the UGVP Funds will be private, illiquid and long-term and are unlikely to provide current income. Even if the assets prove successful, they may not produce a realized return to investors for a period of years. The timing of profit realization is highly uncertain. Losses are likely to occur early in the respective UGVP Funds’ terms, while successes often require a long maturation.

The assets of the UGVP Funds and any Investment Funds are expected to include securities and other financial instruments or obligations for which no market exists or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, if at all. Further, such investments may be extremely difficult to value with any degree of certainty.

**Risk of Loss of Capital.** 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 UGVP 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 UGVP 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.

**Investors Will Have No Part in Management of the UGVP Funds.** Investors in the UGVP Funds (the “Limited Partners”) will have no right or power to participate in the management or control of the business of the UGVP Funds and thus must depend solely upon the ability of the Adviser with respect to making investments. In addition, investors will not have an opportunity to evaluate the specific investments made by the UGVP Funds or the terms of any investment. The UGVP Funds will invest in Investment Funds that generally focus on venture capital investments that are managed by fund managers (“Underlying Managers”) as well as Direct Investments. The Underlying Manager of each Investment Fund has full discretionary authority to invest its assets without consulting any investor, including the UGVP Funds, and the UGVP Funds will have no right or power to participate in the management or control of the business of any Investment Fund. Investors should not expect to receive the detailed financial information issued by Investment Funds which is available to the Adviser.

**Dependence on Key Personnel.** The ability of the Adviser to identify, invest in and manage investments and manage the affairs of the UGVP Funds depends largely on the management team of the Adviser. There can be no assurance that these individuals will remain affiliated with the Adviser throughout the various terms of the UGVP Funds or will otherwise be able to continue to carry on their current duties throughout such terms. In addition, the ability of the Investment Funds to meet their investment objectives may depend on their own respective key personnel and the key personnel of the portfolio companies or other entities in which the UGVP Funds or the Investment Funds make an investment. Similarly, the performance of the portfolio assets may depend on their own respective key personnel. There can be no assurance that key personnel will remain employed with their respective Investment Fund or otherwise continue to be able to carry on their expected duties.

**No Transferability or Withdrawal.** Pursuant to the Governing Documents of the UGVP Funds, investors may not fully or partially withdraw from the UGVP Funds or sell, assign, transfer, exchange, pledge, hypothecate or otherwise dispose or encumber, in whole or in part, any of their interests without the prior written consent of the respective general partner, which consent may be granted or withheld in its sole discretion, and subject to compliance with the applicable provisions of the Governing Documents. The interests will

not be registered under the U.S. Securities Act of 1933, as amended. Accordingly, transfer of the interests will be subject to restrictions on resales imposed by U.S. federal and state securities laws and non U.S. laws. U.S. tax regulations applicable to partnerships may also impose limitations on the ability of investors to transfer their interests. Therefore, investments in the UGVP Funds should be considered illiquid.

**Other Obligations of the Principals of the Adviser and Related General Partners.**

Although the principals of the Adviser and general partners of the UGVP Funds will devote as much time as they believe is necessary to assist the UGVP Funds in achieving their investment objectives, the working time of the principals of the Adviser and any general partners of the UGVP Funds will be subject to their prior commitments to previous investments, investment funds, and other business activities and potential future commitments to other business activities, investments and investment funds. It is possible that a general partner of the UGVP Funds will form other investment funds in the future, which may have the same or similar investment objectives as either the Investment Funds or the UGVP Funds or may themselves invest in the Investment Funds made by the UGVP Funds.

**Limited Number of Investments.** It is expected that the UGVP Funds will invest in a limited number of investments. A consequence of a limited number of investments is that the aggregate returns realized by investors may be substantially adversely affected by the unfavorable performance of a small number of such investments. Furthermore, the UGVP Funds do not have fixed guidelines for diversification and investments may be concentrated in only a few industries. In addition, as is typical of venture capital firms, the portfolio holdings of any single Investment Fund may not be diversified and the Investment Funds are not expected to have fixed guidelines for diversification. Investments may be concentrated in only a few industries. The UGVP Funds will focus on Investment Funds that focus on venture capital transactions, as determined by their respective general partners in their sole discretion. A downturn of the economy or a particular industry could impact the aggregate returns delivered to the investors of a UGVP Fund as a result of a lack of diversification of the underlying portfolios.

**Risk Inherent in Venture Capital Investments.** The UGVP Funds will target early-stage start-up companies and Investment Funds focused on start up and early-stage company start-ups. Investments in such companies involve greater risk than that generally associated with investments in more established companies. Less established companies tend to have a lower capitalization and fewer resources and, therefore, often are more vulnerable to financial failure. Typically there is an illiquid market for the securities of such companies. Such companies also may have shorter operating histories on which to judge future performance. The Underlying Managers may rely on their own or a portfolio company's projections concerning the portfolio company's future performance as well as

certain factors beyond the control of the Underlying Managers and the portfolio company. A portfolio company may fail to manage effectively its own growth. The marketability and value of any such investments will depend on many factors beyond the control of the Underlying Managers. These portfolio companies may have new or unproven technologies or business models that ultimately may not be successful. Early-stage technology companies often face intense competition in attracting and retaining talented executives or technologists. An Investment Funds' portfolio company may lack one or more key attributes (e.g., proven technology, marketable product, complete management team, access to deal flow, profitable investment selection, or strategic alliances) necessary for success. Many or most of the portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. These portfolio companies can experience failures or substantial declines in value at any stage and may face intense commercial competition from other companies, including established companies with significantly greater resources. Accordingly, the portfolio companies may not be profitable and may not be able to obtain liquidity for the holders of their securities (including the Investment Funds), which may result in no distributions to the investors as a result of the UGVP Funds' investments in such Investment Funds. In addition, early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. Such companies may also require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature venture companies in the expansion or profitable stage also involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

**Limited Availability of Information.** Due to confidentiality concerns, certain Investment Funds and portfolio companies may not permit the Adviser to disclose information pertaining to the UGVP Funds' investment in an Direct Investment or Investment Fund (including the fact of the investment) or information regarding the Direct Investment's activities or the Investment Fund's investment strategies, risks and/or prior performance or the performance of or other confidential information relating to a portfolio company. Underlying Managers may also require the Adviser to aggregate an Investment Fund's information with information pertaining to other Investment Funds, thereby preventing



the Adviser from disclosing information pertaining to other Investment Funds. In addition, certain Investment Funds and portfolio companies may provide limited or no information regarding their investment strategies, investments or other activities. Due to these considerations, the Adviser may not be able to provide information that an investor finds necessary to meet its own auditing requirements, legal obligations and tax filing requirements or even satisfy its internal investment monitoring policies and procedures. In addition, the accountants of the UGVP Funds may not be able to provide an unqualified opinion with respect to their annual audit of a UGVP Fund's financial statements to the extent that Underlying Managers or portfolio companies do not allow the Adviser to disclose certain information in the financial statements as required by accounting principles generally accepted in the United States. Certain Investment Funds or portfolio companies may also restrict disclosure of confidential information to investors who are subject to the Freedom of Information Act or similar laws or regulations mandating disclosure of information related to the Investment Fund or portfolio company. Failure to comply with these restrictions may expose the Adviser to adverse effects, including the forced sale or withdrawal from one or more Investment Funds at valuations and terms that may not be desirable to the UGVP Fund.

**Little or No Portfolio Company Information.** There generally will be little or no publicly available information regarding the status and prospects of portfolio companies or an Investment Fund's portfolio companies. Many investment decisions by the Adviser and Underlying Managers will be dependent upon their ability to obtain relevant information from non-public sources, and they often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the control of the Adviser or the Underlying Managers.

**Management Fee Is Based on Total Committed Capital, Including Capital That Is Not Invested.** Generally, for certain periods of time in the UGVP Funds, management fees are charged on the total amount of committed capital, including capital that has not been invested. There can be no assurance as to when capital will be invested or that all the committed capital will be called by the UGVP Fund. As a result, during certain periods, each investor will pay a management fee based upon its total amount of committed capital even though this total amount may not be invested by the UGVP Fund.

**Competitive Marketplace.** The marketplace for venture capital investing has become increasingly competitive and involves a high degree of uncertainty. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the venture sector and the competition for investment opportunities is at high levels. The UGVP Funds and the Adviser will be competing with other established companies and funds with substantial resources and experience, some of

whom may have greater financial and personnel resources than the Adviser. There can be no assurance that the Adviser will locate an adequate number of attractive investment opportunities. There can be no assurance that the UGVP Funds will be able to make investments on attractive terms, and it is possible that the term of a UGVP Fund will expire before it has invested all of its available capital. To the extent that the UGVP Funds encounter competition for investments, returns to investors in the UGVP Funds may vary.

**Investment Advisory Board Members Owe No Fiduciary Duty to the UGVP Funds or the Partners.** A general partner may have an investment advisory board for certain UGVP Funds. In considering matters before the investment advisory board, the members thereof have no fiduciary obligations to the Adviser, UGVP Funds or their investors so long as they are not engaged in fraud or willful misconduct and, therefore, members of the investment advisory board may take into consideration their own interests in a particular matter and are not required to take into consideration the interests of the UGVP Funds or any of the other investors. In addition, the UGVP Funds will be required to indemnify each member of the investment advisory board, including any Limited Partner whose representative is on the investment advisory board, for any claims, liabilities, damages and related expenses, including legal fees, incurred by it by reason of any action performed or omitted in connection with such member's service on the investment advisory board.

**Recall of Distributions; Indemnification Obligation.** The UGVP Funds generally have the right to reserve or distribute, subject to recall, all or any portion of distributions to the investors and any general partners in order to make investments (including follow-on investments) and to pay expenses and satisfy any obligation or liability of the UGVP Funds; provided, that the aggregate amount of recalled distributions and retained cash that is reinvested in portfolio assets may not exceed certain limits. Investment Funds also reserve the right to recall some or all of their distributions to the UGVP Funds in order to make additional investments or pay expenses or to satisfy the indemnification obligations of the Investment Funds or of the portfolio companies in which the Investment Funds invest. In order to meet its obligations, the UGVP Funds, in turn, may call capital and recall the proportionate share of any such distributions made to the investors. In addition, in the event that a UGVP Fund is unable otherwise to meet its obligations, Investors may be required to repay to the UGVP Fund or to pay to creditors of the UGVP Fund distributions previously received by them. In addition, investors may be required to pay to a UGVP Fund amounts which are required to be withheld by the UGVP Fund for tax purposes.

**In-kind Distributions.** Upon the end of the term of UGVP Funds, there may be in-kind distributions by the UGVP Funds of interests in portfolio assets and portfolio companies in which the Investment Funds invest, which may be illiquid securities. There can be no assurance that the investors would be able to dispose of such investments or that the value of such investment determined in accordance with the Governing Documents for purposes

of the determination of distributions will ultimately be realized. Distributed securities may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the investors without such sales triggering a price decline which makes it difficult or impossible for all investors to sell such securities at the distribution price. Nevertheless, the distribution price of such securities will be established under the provisions of the Governing Documents and will not be adjusted to reflect actual sale prices obtained by the investors.

**Limited Liability.** The UGVP Funds are structured as Delaware limited partnerships in which investors become Limited Partners. Under the Delaware Revised Uniform Limited Partnership Act, a limited partner generally is not liable for the debts and obligations of a Delaware limited partnership if such Limited Partner does not participate in the control of the limited partnership. Nonetheless, a Limited Partnership will be liable to the partnership for any undrawn capital commitment and may be required to return distributions in order to pay such limited partner's pro rata share of any indemnification obligations of the partnership or other expense or liability of the partnership and as otherwise required by the Delaware Revised Uniform Limited Partnership Act.

**Risks Relating to the Potential Use of Pass-Through Entities.** The UGVP Funds may make a substantial number of investments through one or more partnerships or other pass-through entities the sole beneficial interest holders in which are the UGVP Funds; any limited partnerships or other investment vehicles or investment accounts organized for certain investors for the purpose of accommodating special legal, tax, regulatory, exchange control restrictions or other needs of such investors (a "Parallel Fund"); or any separate private investment fund or separate account that the general partner, the Adviser and their respective agents, affiliates, directors, officers, partners, and employees may create (a "Co-Investment Fund"). These pass-through entities may incur leverage. To the extent permitted by applicable law, the UGVP Fund may guarantee the obligations of these investment vehicles and/or assign and pledge assets of the UGVP fund or any Parallel Funds or Co-Investment Funds, including unfunded capital commitments of their respective Limited Partners, to these investment vehicles in order to secure borrowings or other leverage. Failure by the UGVP Fund, any Parallel Fund or Co-Investment Fund to meet its obligations could have adverse effects on the other members of any pass-through entity, including, but not limited to, the acceleration of payment obligations under any leverage facility used by the vehicle.

**Use of Alternative Investment Vehicles.** The UGVP Funds and any Parallel Fund may use alternative investment vehicles and cause their respective investors to transfer a portion of their capital commitment into such entities. The use of such vehicles may involve additional costs of formation, structuring, and operating such entities. These vehicles could

be of a type with which the Adviser may have less familiarity, and may present additional informational and operational uncertainty or difficulties to the Adviser in managing and disposing of investments through such entities.

**Default by an Investor.** Upon any default by a Limited Partner, in the sole discretion of a general partner of a UGVP Fund, such defaulting Limited Partner may be charged interest on the amount owed to the partnership at the rate of 20% per annum (or such other maximum rate permitted by applicable law) until the default amount and the interest thereon is paid in full. In the sole discretion of a general partner, the partnership may either distribute such default interest to the Limited Partners (with the exception of the defaulting Limited Partner) or retain such interest and treat it as additional capital contributions by its non-defaulting limited partners. Any interest paid by the defaulting investor will not reduce its remaining capital commitment. In addition to other available remedies, a general partner, in its sole discretion, and until the defaulting Limited Partner has funded the default amount in full along with interest and expenses incurred by the partnership arising out of the default, may choose not to allocate any partnership gains to the defaulting Limited Partner's capital account or make distributions to the defaulting Limited Partner, or to cause the defaulting Limited Partner to forfeit the balance of its capital account to the partnership. If a general partner waives any default remedies with respect to a defaulting Limited Partner, it will provide notice to any non-defaulting Limited Partner.

**Exculpation.** No general partner and none of the Adviser, and its affiliates, officers, directors, members, principals, stockholders, employees, or controlling persons (collectively, the "Covered Persons"), will be liable to the UGVP Funds or any investor for any act or omission by any of them in the absence of gross negligence, willful misconduct, bad faith, material violation of securities laws applicable to the UGVP Fund unless such Covered Person had reasonable cause to believe that the conduct resulting in such violation was lawful, or material breach of the Governing Documents, including any breach of any fiduciary duty of such Covered Person thereunder, or any side letter. No investor will be liable to the UGVP Fund or investor for any action taken by any other investor in its capacity as such.

**Indemnification.** The UGVP Funds will indemnify, to the maximum extent permitted by law, the Covered Persons against all claims, liabilities, damages and related expenses, including legal fees, incurred by any of them by reason of any action performed or omitted in connection with the activities of the UGVP Fund or portfolio company or in dealing with third parties on behalf of the partnership, except as a result of any act or omission by any of them that constitutes gross negligence, willful misconduct, bad faith, material violation of securities laws applicable to the partnership unless such Covered Person had reasonable cause to believe that the conduct resulting in such violation was lawful, or material breach

of the Governing Documents, including any breach of any fiduciary duty of such Covered Person thereunder, or any side letter. The UGVP Funds may, but are not required to, purchase errors and omissions insurance for the benefit of such Covered Persons, the costs of which will be borne by the Partnership.

If necessary to satisfy the UGVP Funds' indemnification obligations under the Governing Documents or the governing documents of any UGVP Fund investment with respect to any action, claim, suit, investigation, arbitration or any other proceeding the UGVP Fund may also require the investors to recontribute to the UGVP Fund at any time (including after dissolution of the partnership) amounts up to the aggregate amount of the distributions previously made to them by the UGVP Fund in order to satisfy the partnership's indemnification and advancement obligations, including its obligations to any fund investment.

The UGVP Funds may, in the discretion of a general partner, advance to any Covered Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding which arises out of such conduct; provided that, with respect to a Covered Person, a claim is not brought against such person by a majority-in-interest of the investors. The Governing Documents further provide that the UGVP Funds will indemnify and hold harmless each person that is a responsible withholding agent against all claims, liabilities and expenses (not resulting from such person's willful misconduct) relating to such person's obligation to withhold and pay any withholding or other taxes payable by the UGVP Fund or as a result of an investor's participation in the UGVP Fund.

Should any of the Covered Persons serve as a director or officer of a portfolio company or as a representative of the UGVP Fund on any advisory board or committee of an Investment Fund, there is a possibility that the UGVP Fund could be required to indemnify such Covered Person for any claims, losses, damages and related expenses arising out of the Covered Person's service to the portfolio company or Investment Fund. In addition, certain jurisdictions in which the UGVP Fund may invest may not provide for or permit indemnification or exculpation for representatives on an advisory board or committee of an Investment Fund or a portfolio company's board of directors that is organized in such a jurisdiction.

**Absence of Recourse to general partner and Adviser.** The Governing Documents of the UGVP Funds and the UGVP Funds' investment advisory agreements, as they may be amended from time to time, will limit the circumstances under which the general partner and the Adviser can be held liable to the UGVP Funds. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.

**Value of Investments.** Since investments in the UGVP Funds will be illiquid and the underlying assets of the UGVP Funds will similarly consist, to a substantial degree, of illiquid investments, it will be difficult to determine the market value of the Interests. The value of an investment in the UGVP Funds may fluctuate. Instability in the securities markets may also increase the risks inherent in the UGVP Funds' investments. In addition, timing of distributions from the UGVP Funds and distributions from the Investment Funds will be uncertain, subject to the discretion of the general partners and the investment managers of the Investment Funds, respectively, and may not occur at all. No assurance can be given that the UGVP Funds will return to investors all or any part of their contributed commitment. There is no established market for interests in private investment funds or for the privately held portfolio companies of private investment fund sponsors, and there may not be any comparable companies for which public market valuations exist. In addition, the general partners may not have access to all material information relevant to a valuation analysis. As a result, the valuation of investments in the UGVP Funds may be based on imperfect information and subject to inherent uncertainties, and determining fair values and negotiating favorable acquisition prices may be difficult.

**Separate Agreements with Investors.** A general partner, the Adviser or their affiliates, on behalf of the UGVP Funds or any Parallel Fund or separate investment vehicles or any limited partnerships or other investment vehicles or investment accounts through which certain investors may invest indirectly in the UGVP Funds or any Parallel Fund or separate investment vehicles (a "Feeder Fund"), and without approval from any other Investor, may at any time enter into agreements (sometimes referred to as "side letters") with certain prospective or existing Limited Partners whereby such Limited Partners may be entitled to terms and conditions that are more advantageous to them than those set forth in the Governing Documents. Any such modifications will be solely at the discretion of a general partner and may, among other things, be based on the size of the investor's investment in the UGVP Fund or any Parallel Fund, Feeder Fund or separate investment vehicles, or other similar commitment by a Limited Partner to the UGVP Fund or any Parallel Fund, Feeder Fund or separate investment vehicles. Such agreements may involve, among other matters, (i) different compensation arrangements with Limited Partners; (ii) certain Limited Partners receiving information not ordinarily received by Limited Partners generally; (iii) agreements to waive or reimburse Limited Partners for indemnification payments payable by Limited Partners in relation to their investment in the UGVP Fund; (iv) agreements to provide information regarding certain events relating to the UGVP Fund or its investments; (v) agreements to permit certain transfers of interests in the UGVP Fund; (vi) modifications to the subscription agreement with such Limited Partner (the "Subscription Agreement"); (vii) representations and warranties by the UGVP Fund, the Adviser or their affiliates; (viii) agreements to waive a default by the side letter recipient; (ix) permitting withdrawal rights or redemptions of Limited Partner interests; (x) agreements to permit representatives of

certain Limited Partners to serve on any advisory committee of the UGVP Fund or similar body that may be established, if any; (xi) rights to co-invest with the UGVP Fund with respect to certain investment opportunities, if applicable; (xii) agreements to operate the UGVP Fund in accordance with certain laws, regulations or policies, applicable to the side letter recipient, which could impair the investment and other activities and decisions of the UGVP Fund; and (xiii) agreements that purport to subject the UGVP Fund to the jurisdiction of courts located outside of Delaware, New York or North Carolina or exclude a Limited Partner from being subject to the courts of any such jurisdiction.

**Conflicts of Interests Among Investors.** The Adviser is seeking capital commitments to the UGVP Funds from various investors, including, without limitation, U.S. and non-U.S. individuals, entities, institutions, governmental agencies, pension plans, and other investors. A general partner will intend to conduct the affairs of the UGVP Funds in the interest of the partnerships as a whole and not in the interest of one or a few of the investors. However, conflicts of interests nonetheless could arise from the various interests of the investors. For example, the UGVP Funds could agree with one or more limited partners to forego certain investment opportunities that would otherwise raise regulatory or tax concerns for those limited partners or forego suitable investment opportunities as a result of an agreement between a Limited Partner and a general partner not to invest in certain industries or companies. Similarly, the UGVP Funds could make, or, alternatively, forego, certain tax and other elections offered by the Investment Funds that would benefit some of the Partners, while potentially adversely affecting other Partners. A general partner will intend to make these decisions in good faith, but no assurance can be given that the decisions of a general partner will be favorable to all of the Limited Partners. A general partner and the Adviser will not be involved in the investment structuring decisions of any Underlying Manager. Furthermore, the Governing Documents may contain provisions that permit a general partner or the UGVP Fund to take certain actions with the requisite consent of the Limited Partners. It is possible that such actions could be approved by a relatively small number of Limited Partners who hold the LP Interests representing such requisite consent because the LP Interests are not intended to be widely held. No assurance can be given as to the composition of the Limited Partners prior to final closing of the UGVP Funds or that the interests of a particular Limited Partner will be aligned with any other Limited Partners.

**Tax Considerations.** An investment in the UGVP Funds may involve complex tax considerations that will differ for each Limited Partner. For example, under certain circumstances, a Limited Partner could be required to recognize taxable income in a taxable year for U.S. federal income tax purposes, even if the UGVP Fund has either no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income and without regard to whether any distribution from the UGVP

Fund has been or will be received. Generally, a Limited Partner investing directly in the UGVP Fund will need to pay tax on any income allocated to such Limited Partner, regardless of whether any income is actually distributed to such Limited Partner.

**Expedited Transactions.** Investment analyses and decisions by the Adviser or an Underlying Manager frequently may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Adviser or an Underlying Manager at the time of an investment decision may be limited and the Adviser or Underlying Manager may not have access to detailed information regarding the investment opportunity, in each case, to an extent that may not otherwise be the case had the Adviser or Underlying Manager been afforded more time to evaluate the investment opportunity. Therefore, no assurance can be given that the Adviser or an Underlying Manager will have knowledge of all circumstances that may adversely affect an investment.

**Risks Regarding Dispositions of Portfolio Companies.** In connection with the disposition of an investment in a portfolio company or a portfolio company in which an Investment Fund invests, the UGVP Fund, any Parallel Fund, Co-Investment Fund or an Investment Fund may be required to make representations and warranties about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The UGVP Fund, any Parallel Fund, Co-Investment Fund, or an Investment Fund may also be required to indemnify the purchasers of an investment to the extent that any of these representations and warranties turn out to be inaccurate or misleading. These arrangements may result in liabilities for the UGVP Fund, any Parallel Fund, Co-Investment Fund or an Investment Fund, depending upon recontribution obligations owed to the Investment Fund.

**Exposure to Liabilities Due to Indirect Interests in Portfolio Companies.** The UGVP Funds or an Investment Fund (alone or together with other investors) may be deemed to have a control position with respect to some portfolio companies, which could expose the UGVP Fund or the Investment Fund to liabilities not normally associated with minority equity investments, such as additional risks of liability for environmental damage, product defects, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The performance of any Investment Fund and the UGVP Fund may be adversely affected by such liabilities.

**Minority Investments.** The UGVP Funds and an Investment Fund may hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. In addition, during the process of exiting investments, the UGVP Funds and an Investment Fund are likely to hold minority



equity stakes if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Neither the UGVP Funds nor an Investment Fund may have the right to appoint a director or otherwise exert influence over any portfolio company. Each portfolio company will be managed by its own officers, general partner or managing member.

**Leverage.** The UGVP Funds may borrow funds under one or more credit facilities on market-based terms in order to (i) make required capital contributions to investments pending the UGVP Fund's receipt of required capital contributions from Limited Partners or other receipts of cash, (ii) fund "follow-on" investments, and capital calls made by fund investments after the UGVP Fund has drawn down all of its capital commitments, or (iii) acquire the LP interests of a defaulting Partner. In order to secure the aforementioned borrowings, the UGVP Funds maintain the right to pledge, secure or otherwise encumber the assets of the UGVP Funds, the capital commitment obligations of the Partners, its right to deliver capital call notices to the Limited Partners, its right to receive all amounts in respect of capital contributions and any other assets of the UGVP Funds as security for such borrowings. However, the use of leverage exposes the UGVP Funds to additional levels of risk including (a) greater losses from investments than would otherwise have been the case had the UGVP Funds not borrowed to make the investments, (b) margin calls or changes in margin requirements may force premature liquidations of investment positions and (c) losses on investments where the investment fails to earn a return that equals or exceeds the UGVP Funds' cost of leverage related to such investments. In case of a sudden, precipitous drop in value of the UGVP Funds' assets, the UGVP Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Partnership.

The Adviser may find it difficult or impossible to obtain leverage for the UGVP Funds, including borrowing on a short-term basis. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind positions quickly and at prices below what the Adviser deems to be fair value for the positions.

**Portfolio Companies may be highly leveraged.** Leverage may have important consequences to these companies and the UGVP Funds as investors. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. As a result, a portfolio company's flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

**Short Sales and Derivative Instruments.** The Investment Funds typically will have discretion to distribute to their limited partners, including the UGVP Funds, at any time publicly traded securities of their portfolio companies. The timing and amount of such distributions are at the discretion of the Underlying Manager. The price at which the UGVP Funds ultimately sell such securities may be lower than the price at the time of distribution to the UGVP Funds, including as a result of positions taken by other market participants. In addition, the UGVP Funds typically would be required to pay the Underlying Manager a greater amount of carried interest in respect of such investments than the amount the Underlying Manager would have received had the Underlying Manager sold such securities. The UGVP Funds may engage in short selling for the purpose of seeking to mitigate these risks. A short sale is a transaction in which an investor sells a security it does not own but has borrowed in anticipation that the market price of that security will decline. If the UGVP Funds make a short sale of a security, it must borrow from a broker-dealer or other person the security sold short and deliver the security to the broker-dealer upon conclusion of the short sale. A general partner may engage in a short sale transaction in anticipation of the UGVP Funds receiving a distribution of the relevant security from an Investment Fund. If the price of the security sold short increases between the time of the short sale and the time the UGVP Fund replaces the borrowed security, the UGVP Fund will incur a loss; conversely, if the price declines, the UGVP Fund will realize a short-term capital gain. Investment Funds are not obligated to inform the UGVP Funds of any proposed distribution of securities of any portfolio company, and may postpone or cancel a proposed distribution of securities at any time. The failure to distribute securities in which the UGVP Funds has engaged in a short sale transaction would expose the UGVP Funds to liabilities if the UGVP Fund is unable to purchase such securities from another person to complete the short sale transaction. The UGVP Funds may also use options, warrants, or other derivatives for the purpose of reducing the UGVP Funds' risk associated with holding publicly traded securities of portfolio companies. Transactions in derivatives present risks arising from volatility, the possibility of default by a counterparty and illiquidity.

The Adviser may use options, warrants, or other derivatives in managing the assets of the UGVP Funds. From time to time, the UGVP Funds may have exposure to such instruments for the purpose of reducing the UGVP Funds' risk in holding publicly traded securities of portfolio companies. Transactions in derivatives present risks arising from the use of leverage (which increases the impact of losses), volatility, the possibility of default by a counterparty and illiquidity. Where the UGVP Funds enter into transactions in derivative instruments for speculative purposes, the transactions could present greater risks, including the risk of losses in excess of the amounts invested.

**Secondary Investments.** The UGVP Funds may make secondary investments. Secondary investments may present additional risks, such as the difficulty in valuing the investments

of the portfolio company, Investment Fund or other investment vehicle or the possibility that the interest acquired generally will be subject to contingent liabilities resulting from activity that transpired prior to the secondary investment (e.g., an indemnification obligation in respect of an act or omission occurring prior to the date of the secondary investment). Some secondary investments lack the benefit of financial statements and periodic company updates originated by a common Underlying Manager. Instead their portfolios can be collections of private equity assets from a seller, often lacking consistent, updated and accurate operational and financial information, which could impair a general partner's ability to conduct fundamental due diligence on such a portfolio. Further, a secondary investment may be subject to the consent of the Investment Fund and other qualification requirements that may make such investments more difficult or, ultimately, prevent it. By investing in the UGVP Funds, investors will be deemed to have consented to any such purchase.

**Economic and Market Risk.** The portfolio companies in which the Investment Funds and/or the UGVP 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 UGVP 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 UGVP Funds' investments. In addition, factors specific to a portfolio company may have an adverse effect on an Investment Fund's, or a UGVP Fund's, investment in such portfolio company. The Adviser may rely upon its own or an Underlying 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.

**Early Termination of the Partnership.** A UGVP Fund may be required to dissolve prematurely upon the happening of certain events. An early dissolution of a UGVP Fund could result in a UGVP Fund realizing significant losses as a result of prematurely disposing of its partnership investments and could expose a UGVP Fund to material liabilities to the extent the UGVP Fund is unable to fulfill its obligations to its partnership investments or otherwise.

## **Risks Associated with Investing in UGVP Funds with Exposure to Investment Funds**

**Risks Inherent in Investments in Investment Funds.** The success of the venture capital and private equity funds in which one or more UGVP 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 UGVP 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 UGVP Funds invest, and the success or failure of the UGVP Funds will rely on the success or failure of the investment decisions made by the management of the respective Investment Funds in which the UGVP Funds invest.

**Availability of and Ability to Acquire Suitable Partnership Investments.** The identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. There can be no assurance that such investments will be always be available, or that available investments will meet the UGVP Fund’s investment criteria. There is no assurance that the Adviser will be able to find suitable Investment Funds or, if found, that the UGVP Funds will be able to make investments in such Investment Funds and generate superior returns. The Adviser will seek to invest in Investment Funds that generally are perceived to be difficult to access due to investor interest. The terms of an investment in an Investment Fund may not be as favorable as the terms offered by other Investment Funds, and the UGVP Funds do not expect to be able to negotiate terms that are more favorable to them.

**Multiple Levels of Fees and Expense.** Both the UGVP 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 UGVP 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.

**Termination of a UGVP Fund's Interest in an Investment Fund.** An Investment Fund may, among other things, terminate a UGVP Fund's interest in that Investment Fund if the UGVP Fund fails to satisfy any capital call by that Investment Fund or if the general partner of that Investment Fund determines that the continued participation of the UGVP Fund in the Investment Fund would have an adverse effect on the Investment Fund or its assets or for other reasons, including, without limitation, as a result of a Partner's failure to maintain the confidential nature of any information pertaining to an Investment Fund or a portfolio company. The UGVP Fund may fail to meet a capital call if a Limited Partner fails to meet a capital call by the UGVP Fund and such shortfall cannot be made up by the other Limited Partners, a new investor, a borrowing, a general partner or otherwise. Such a default could result in the UGVP Fund prematurely disposing of other investments, if possible, to cure a default or being required to forfeit all or a portion of its interest in an Investment Fund. Investors may have disproportionately higher exposure to a particular investment if another limited partner fails to meet one or more capital calls. The UGVP Fund could also be required to remain liable for its full capital commitment to an Investment Fund notwithstanding a forfeiture or termination of the UGVP Fund's interest in the Investment Fund.

**Failure by Other Investors to Meet Capital Calls of Investment Funds.** A UGVP Fund, directly or indirectly, may be one of many investors in Investment Funds, many of which will have capital contribution obligations over an extended period of time. Failure by one or more other investors to meet a capital call of an Investment Fund could have adverse consequences for the UGVP Fund. The Investment Fund may be permitted to require the UGVP Fund and other investors in the Investment Fund to contribute additional capital to satisfy the shortfall. If the Investment Fund is unable to raise sufficient capital to consummate the proposed investment, the manager of the Investment Fund may not be able to create a broad portfolio, which could adversely affect results of such Investment Fund, and could also result in the Investment Fund's investments being concentrated in relatively few industries and regions. If multiple investors fail to meet capital calls from a particular Investment Fund, the Investment Fund could default in its obligations, which could expose the Investment Fund to litigation and result in the termination of the Investment Fund, causing a lower return, or potentially a loss, on the UGVP Fund's investment.

**U.S. Mandatory Basis Adjustments May Make It More Difficult and Expensive for the UGVP Funds to Acquire Secondary Investments.** The UGVP Funds may acquire interests

in an Investment Fund through the purchase of such interests in secondary market transactions or funds investing in secondary market venture investments or the UGVP Funds may invest in portfolios of Investment Funds or portfolio companies acquired in secondary market transactions. Mandatory basis adjustment rules in the United States could require in some cases that a partnership's tax basis in its assets be adjusted with respect to a new partner who acquires an interest in such partnership. The mandatory basis adjustment, if required, could substantially increase the cost of, and the complexity of accounting for, transfers of interests in a partnership and therefore make purchases of secondary investments more costly for the UGVP Funds where mandatory basis adjustments are required. In addition, in order to avoid this cost and complexity, managers of Investment Funds may restrict or prohibit transfers of interests in their funds, which may result in materially fewer investment opportunities to make Secondary Investments.

### **Risks Associated with Investing in UGVP Funds with Exposure to Direct Investments**

**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 UGVP Funds will meet their financial objectives. The possibility of a loss of UGVP Fund capital exists and investors should not invest unless they can readily bear the consequences of such a loss.

**Availability of and Ability to Acquire Suitable Direct Investments.** The identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. There can be no assurance that such investments will be available to the UGVP Funds, or that available investments will meet the investment criteria of the UGVP Funds. There is no assurance that the Adviser will be able to find suitable direct investments or, if found, that the UGVP Funds will be able to make investments and generate superior returns. The terms of an investment may not be as favorable as the terms offered by other investment opportunities, and the UGVP Funds do not expect to be able to negotiate terms that are more favorable to them.

The UGVP Funds will seek to invest alongside managers of Investment Funds with whom the Adviser has developed relationships. There is no assurance that such sponsors will offer suitable investment opportunities to the UGVP Funds. It is common for such co-investment opportunities to be offered on a limited or “first-come, first served” basis and with a very limited period of time to review the investment opportunity. A general partner will have limited access to due diligence materials and in most instances will be required to rely on the due diligence, if any, conducted by the sponsor of the co-investment opportunity.

There is no assurance that co-investment opportunities will be made available to the UGVP Funds on favorable terms, if at all. Such co-investment opportunities are often structured through “collector” vehicles through which multiple investors may participate in the underlying investment. Sponsors of such co-investments may charge management and other fees and a carried interest with respect to the investors in such vehicles. In addition, the terms of such collector vehicles typically offer very little information, governance or other rights to minority investors in such vehicles, and often contain broad indemnification and exculpation rights for the sponsor of such vehicles. Investors in such collector vehicles typically must bear the organizational and operating expenses of such vehicles, which will reduce overall returns from such investments. Sponsors of such co-investment opportunities may require investors, including the UGVP Funds, to waive any fiduciary or similar duties of the sponsor as a condition to an investor’s participation in the investment. There is no assurance that the UGVP Funds will be able or permitted to purchase securities on the same terms as offered to the sponsor of such investment opportunity or other investors.

Due to the minority nature of the UGVP Funds’ investments, a UGVP Fund may not have the ability to determine the timing or terms of an exit from any investment, including the price at which the UGVP Fund disposes of its investment. UGVP Funds may be subject to “lock-ups,” “drag-along rights,” voting limitations and other contractual restrictions on the UGVP Fund’s ability to exit an investment or otherwise vote on matters pertaining to the UGVP Fund’s investment without the consent of other majority investors. Such limitations could have an adverse effect on the UGVP Fund’s investments.

**Service on Board of Directors.** The UGVP Funds may obtain the right to designate directors to serve on the boards of directors of the UGVP Funds’ portfolio companies. In addition, affiliates of the general partners may serve, from time to time, as directors of the portfolio companies. The foregoing rights and activities could expose the general partners, their affiliates and the assets of the UGVP Funds to regulatory action and/or lawsuits and claims by a portfolio company, its security holders and its creditors. While the general partners intend to manage the UGVP Funds in a way that will minimize exposure to these risks, the possibility of successful claims or lawsuits or adverse regulatory action cannot be

eliminated, and such events could have significant adverse effects on the UGVP Funds.

**Follow-on Investments.** Some portfolio companies may require significant additional funding after an initial investment by an Investment Fund or a UGVP Fund. Inability to make a follow-on investment may dilute an Investment Fund's, or a UGVP 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 UGVP Fund is unable to participate in a follow-on investment, the Investment Fund's or the UGVP 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.

**Bridge Financings.** A UGVP 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 UGVP 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 UGVP Fund.



**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 UGVP or the integrity of UGVP'S management.

The Adviser and its principals have not been the subject of any material legal proceedings 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 UGVP 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 UGVP 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 UGVP Fund(s). Additionally, the general partners of most of the UGVP 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 UGVP Funds as required pursuant to the Governing Documents of the UGVP Funds. Investors should refer to the Governing Documents of the UGVP Funds for complete information on the requisite time commitments of the Adviser, its affiliates and their respective principals and related persons to the UGVP Funds.

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 UGVP Funds may invest or propose to invest. A percentage of such fees will be used to offset the advisory fees payable by the relevant UGVP Fund(s).

Under a services agreement with Morgan Creek, the UGVP Funds receive various client services, fund accounting and reporting services from Morgan Creek.

Under a sub-advisory agreement with Morgan Creek and by written consent of the limited partners, the Adviser is the sub-adviser of Morgan Creek Partners Venture Access Fund, LP.

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

Office Sharing Arrangement: UGVP currently shares office space with Morgan Creek in Morgan Creek's Chapel Hill, NC location. As such, UGVP has developed policies and procedures to maintain a distinct and separate business and to avoid the improper sharing of confidential information, excluding that which is necessary for the purposes of the services agreement.

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

The UGVP 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 UGVP 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 UGVP Funds invest. As a result, the UGVP 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 UGVP 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 UGVP 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 UGVP Fund(s).

## **Item 11 – Code of Ethics**

### *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 UGVP 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 UGVP 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 or ratification 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 UGVP Fund with respect to a portfolio investment; (ii) under active investment consideration by the Adviser; (iii) held by a UGVP Fund as a result of a distribution from a portfolio investment or which the Adviser knows or believes will be so distributed to a UGVP 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 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 UGVP Funds, the Adviser and its related persons will have indirect beneficial interests in the securities owned by the UGVP Funds and will share in the profits and losses generated by the UGVP Funds' portfolio investments. In addition, related persons of the Adviser may have an interest in portfolio investments that the Adviser recommends to the UGVP 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 UGVP 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 UGVP 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 UGVP 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 UGVP Funds to another. The Adviser will only effect such a transfer where it believes that it would be consistent with its fiduciary obligations to each UGVP Fund. Such transfers may be in connection with the "warehousing" of certain investments, or in connection with re-balancing of certain of the UGVP 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 UGVP 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 UGVP Funds. Due to the Adviser's internal controls, other UGVP Funds may be unable to trade in such specific companies as a result of such information. Accordingly, a UGVP Fund's investment flexibility may be constrained as a result of the investments made by, and the information generated by, other UGVP Funds.

## **Item 12 – Brokerage Practices**

Subject to the investment objectives, policies and restrictions of each UGVP Fund as set forth in such UGVP 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 UGVP 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 UGVP 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 UGVP Funds' limited partners.

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 UGVP 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 times adhere to its obligation to seek best execution for its clients, investors or potential investors in the UGVP Funds (or affiliates thereof) may be selected by the Adviser to serve as broker-dealers or other service providers to the UGVP 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 UGVP 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 UGVP 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 UGVP 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*

UGVP does not permit clients to direct brokerage, nor does UGVP routinely recommend, request or require that a client direct UGVP to execute transactions through a specified broker-dealers.

### *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.



## **Item 13 – Review of Accounts**

### *Review of Client Accounts*

Investments made by the UGVP Funds are generally long-term in nature and illiquid. Accordingly, the review process is generally not directed towards short-term selling decisions. The Adviser will periodically monitor portfolio investments on behalf of the UGVP Funds, typically each week. Investments are reviewed in the context of each UGVP Fund's stated investment objectives and guidelines as set forth in the Governing Documents of such UGVP Fund. Special review may be triggered by significant changes in the market.

Day-to-day affairs of the UGVP Funds, including the review of UGVP Fund accounts, are managed by Greg Bohlen (Managing Member), Patrick Cairns (Managing Member and Chief Compliance Officer) and John Spilman (Managing Member).

### *Reports to Clients*

The Adviser and its directors and officers will generally provide the limited partners of the UGVP Funds with written quarterly and annual reports on the investment portfolios of the respective UGVP Funds. The general partners of each of the UGVP Funds or the Adviser, as applicable, distribute quarterly and annual reports to the limited partners or other investors in the UGVP Funds. A UGVP Fund's quarterly report generally contains a summary of investments held by such UGVP Fund and the unaudited financial statements of such UGVP Fund for the applicable fiscal quarter. A UGVP Fund's annual report generally contains a summary of investments held by such UGVP Fund and the audited financial statements of such UGVP Fund. Both the quarterly and annual 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 UGVP Funds for complete information on the reports provided by a particular UGVP 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 UGVP 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 UGVP 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 and in addition to the Adviser's investment allocation policy, a percentage of any such benefits received by the Adviser or its related persons in connection with its advisory services for a particular UGVP Fund will be used to offset the advisory fees payable by such UGVP Fund.

### *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 UGVP Fund and are likely to enter into similar arrangements in the future. Generally, 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 UGVP Fund, unless otherwise stated in the Governing Documents of the applicable UGVP Fund.

The Adviser endeavors at all times to put the interests of the UGVP 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 UGVP 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 UGVP Funds as a result of its authority over the UGVP Funds and the ability to deduct advisory fees from UGVP Fund accounts.

The UGVP Funds generally receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the UGVP Funds' investment assets. In addition, the Adviser and its directors and officers will generally provide the investors in the UGVP Funds with written quarterly and annual reports on the investment portfolios of the respective UGVP Funds, as described in Item 13. It is generally the Adviser's policy to cause each UGVP 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 UGVP Fund, the Adviser will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such UGVP 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 UGVP 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 UGVP 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 UGVP Discretionary Fund, including the selection of, and commissions paid to, brokers. Such discretionary authority is typically granted pursuant to an investment management agreement with each UGVP Fund.

The Adviser also manages the UGVP Advisory Funds, for which it does not have ongoing discretionary authority to execute transactions without the consent of the UGVP Advisory Funds' investment committee or similar entity. 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 UGVP 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 UGVP Fund securities, the Adviser’s general policy is to vote proxies in a manner consistent with the best interests of the UGVP 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 UGVP Funds and is not a product of the conflict. To ensure that the best interests of the UGVP 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 UGVP Fund public securities by contacting the Adviser.

**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.