

# SEQUOIA HERITAGE

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FIRM BROCHURE  
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This brochure provides information about the qualifications and business practices of SCHF (GPE), LLC ("SCHF"). If you have any questions about the contents of this brochure, please contact us at (650) 397-9070. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

SCHF is a registered investment adviser. Additional information about SCHF also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser's registration with the SEC does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This brochure ("Brochure") dated March 29, 2019, serves as an update to the Adviser's brochure dated March 30, 2018. While there have been no material changes since the prior brochure, we have made clarifying updates to the disclosure regarding expenses, risks, conflicts of interest, and oversight and monitoring, as well as certain other routine annual updates.

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## Item 4. Advisory Business

### Introduction

SCHF (GPE), LLC (“SCHF”), a Delaware limited liability company, builds and manages a global portfolio invested in different regions and assets by investing through what it believes are among the most thoughtful managers in the world. For purposes of this Brochure, the “Adviser” means SCHF, together (where the context permits) with SCHF Management, L.P. (“SCHF Management”). SCHF believes in the benefits of shrewd asset allocation, careful manager selection, and vigilant risk management, without forgetting the need for liquidity.

The firm was founded on January 28, 2010 and is privately-held. The principal owners of SCHF and SCHF Management include Keith Johnson, the Chief Investment Officer and Managing Member of SCHF and Irwin Gross, the Adviser’s Chief Operating Officer, Chief Compliance Officer and Managing Member of SCHF. SCHF Management is under common control with SCHF, possesses a substantial identity of personnel and equity owners with SCHF and, in cooperation with SCHF, provides investment recommendations for the funds advised by SCHF.

SCHF employs an approach that has its origins in the techniques of large foundations, trusts, and endowments as well as the more opportunistic and contrarian styles of leading family offices.

### Types of Advisory Services

SCHF provides investment advisory services to, and is general partner of, investment vehicles (collectively, the “Funds”). The Funds are primarily structured as limited partnerships and may be domiciled in the United States or abroad, at the discretion of the Adviser. The “Main Funds” consist of feeder funds (“Feeder Funds”) and master funds (“Master Funds”) in a multi-master structure, pursuing a global multi-manager investment program, as described further in Item 8. The Adviser has also established, and may establish in the future, Funds outside of the multi-master structure that pursue co-investment opportunities generated in connection with the Main Funds (the “Co-Invest Funds”).

Investment advisory and supervisory services are provided by SCHF to the Funds pursuant to and in accordance with the limited partnership agreements and other governing documents of the Funds (the “Partnership Agreements”) and consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Investors in the Funds should review the Funds’ offering and organizational materials for more detailed information.

The Adviser is associated with a collection of private investment funds, general partner entities and management entities that generally utilize the “Sequoia Capital” brand name and often are referred to colloquially as “Sequoia Capital”. Other than as described in Item 11 below, the Adviser and the Funds operate independently from other Sequoia Capital entities.

A significant portion of the investment portfolios of the Funds consists of interests in private investment vehicles (e.g., investment funds) or pooled accounts managed by third parties. The investment portfolios of the Funds also include other assets, including, but not limited to, publicly traded securities of operating businesses, investment contracts, derivatives, swaps, options, commodities, currencies, real estate, fixed income securities, securities traded over the counter, and private or restricted securities acquired that are generally held by the Funds in brokerage accounts or in separate accounts owned by the Funds and managed by the Adviser or by third party advisors.

SCHF has delegated responsibility for the day-to-day operations of the Funds to SCHF Management, which is an affiliated advisory company and relying advisor. SCHF has not, however, delegated to SCHF Management the authority to make actual investment acquisition and disposition decisions or to select third party managers or investment vehicles with or in whom to invest. SCHF may replace SCHF Management from time to time in its sole and absolute discretion and may assign to SCHF Management the right to receive management fees and reimbursements otherwise payable to SCHF by the Funds.

The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and their securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Partnership Agreements and the private placement memorandum of the applicable Fund(s) (each, a “PPM”). Investment restrictions for the Funds, if any, are generally established in the Partnership Agreements and PPMs.

The Adviser may, in its sole and absolute discretion, establish “Affiliated Funds” (as defined in Item 11 below) at any time, including vehicles utilizing non-partnership structures such as managed accounts. The Funds may also make use of “pooling vehicles” through which one or more entities or accounts makes investments in underlying portfolio funds or other assets. Such pooling vehicles may serve a variety of purposes, including tax or regulatory purposes, enhancing convenience, facilitating deal closings, and reducing transaction costs.

As of December 31, 2018, the Adviser managed a total of \$4,994,458,014 of client assets on a discretionary basis.

The Adviser does not sponsor wrap fee programs.

## **Item 5. Fees and Compensation**

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Main Funds, the Adviser will be entitled to receive from the Feeder Funds advisory fees (the “Advisory Fees”), payable quarterly in advance on the first day of each calendar quarter, and calculated as a percentage of the aggregate capital account balances of the investors in the Feeder Funds as of such date. Advisory Fees will be calculated as follows:

- any contributions, distributions or withdrawals as of such date will be taken into account;
- amounts contributed to Sequoia Affiliated Funds (as defined below) by the Fund will be treated as if such amounts were withdrawn by the investors immediately prior to the time of calculation; and
- distributions to the Fund from the Sequoia Affiliated Funds will be deemed, for purposes of calculation, as being received directly by the investors and then contributed to the Fund immediately prior to the time of calculation.

A pro-rated Advisory Fee will be assessed on any capital contributions accepted as of any date other than the first day of a fiscal quarter.

The Adviser is authorized to, and does, deduct any and all fees and expenses (including, with respect to the Main Funds, the Advisory Fee) when due from the assets of the Funds. Amounts corresponding to those payments will be automatically deducted from the capital accounts of the investors. Fees and expenses paid by the Master Funds are indirectly borne by investors in the Feeder Funds. Expenses paid by the Co-Invest Funds are borne directly by investors in the Co-Invest Funds.

With respect to any withdrawal from the Main Funds, Advisory Fees and a reasonable share of expenses, which will be determined by SCHF in good faith, will continue to be paid on the assets of a withdrawing investor's account and will be calculated based on the investor's liquidating sub-account created in connection with the withdrawal. Advisory Fees will not be refunded in connection with a withdrawal. The process of withdrawal and the associated fees and expenses are described in detail in the Partnership Agreements and PPMs and should be reviewed by investors prior to their investment.

At the annual election of the Adviser, all or a portion of the Advisory Fees may be replaced by a special priority allocation and distribution of Feeder Fund profits to the Adviser. Pursuant to such election, the Adviser may be required to return distributions received in lieu of the Advisory Fee if the Feeder Funds fail to generate sufficient items of profit.

The precise amount of, and the manner and calculation of, the Advisory Fees for the Feeder Funds are established by the Adviser, and are set forth in the Partnership Agreements and/or other documentation received by each investor prior to investment in the Feeder Funds, including the PPMs, and may be modified from time to time. Fees may differ among investors in the Feeder Funds. The Adviser may, in its sole discretion and at any time, waive all or any portion of the Advisory Fee with respect to certain investors, including investors who are employees or related persons of the Adviser.

From time to time, the Funds have, and may in the future, invest directly in a fund, or other collective investment vehicle, managed or advised by an affiliate of Sequoia Capital (a "Sequoia Affiliated Fund"). To prevent duplication of fees in such situations, (i) SCHF will waive all or part of that portion of the Advisory Fee that would be payable with respect to the portion of the Main Funds that invested in such Sequoia Affiliated Fund and/or (ii) the Sequoia Affiliated Fund will waive all or part of the management fee that would be payable by the Funds with respect to their investments. The Funds will generally pay any performance-based fees attributable to their participation in any Sequoia Affiliated Fund.

The Co-Invest Funds will not pay the Adviser any Advisory Fees, but will bear their own expenses, as described below, and will pay performance-based fees, which are described in Item 6 below.

#### *Advisory Fee Offsets*

In the event SCHF (or any managing member of SCHF) receives certain fees from an entity that is the issuer of securities held by the Master Funds, such as commitment, break-up, directors, officers, advisory and management fees, the Advisory Fees payable by the Main Funds to SCHF will be reduced by an aggregate amount equal to one hundred percent of those fees. The Advisory Fees paid by the Feeder Funds will generally also be reduced by the amount of fees paid by the Feeder Funds to persons acting as a placement agent, if any, in connection with the offer and sale of interests in the Feeder Funds to certain potential investors.

#### **Expenses**

The PPMs and Partnership Agreements for each Fund set forth the fees and expenses related to the Funds, including methods of allocation of those fees and expenses between SCHF and the Funds

(and therefore the investors). Prospective investors should carefully review those documents prior to making an investment in the Funds.

Each Fund will bear all expenses relating to it to the extent not borne by its portfolio funds, including, but not limited to:

- out-of-pocket expenses associated with the organization of SCHF or the Funds or the syndication each of their interests;
- fees of third-party administrators and managers as well as legal, accounting, audit, valuation, tax, regulatory, compliance/advisory, quality control and assurance, custodial, registered agent and other professional fees (including all costs and expenses associated with the registration of securities under applicable securities laws);
- consulting fees relating to services rendered to Funds that could not reasonably have been rendered by SCHF or its members in the ordinary course of their activities;
- banking, brokerage, registration, qualification, finders, private-placement, depository and similar fees or commissions, as well as all out-of-pocket costs and expenses associated with due diligence on investment opportunities or managers;
- transfer, capital and other taxes, as well as charges, duties and fees, and any other out-of-pocket costs (including broken-deal, unconsummated deal and similar fees and costs, as well as costs of data, market intelligence and similar services) incurred in developing, evaluating, acquiring, holding, monitoring, selling or otherwise managing or disposing, or hedging against changes in the value, of the Funds' assets or obligations, as well as out-of-pocket travel expenses incurred by SCHF in exploring, investigating, evaluating or monitoring investments or investment opportunities;
- costs and expenses associated with holding entities (e.g., "blockers") and any "below-the-fund" feeder entities;
- insurance premiums (including premiums for insurance purchased and maintained in connection with the indemnification of the Funds, SCHF (or any member, employee or agent thereof) in its capacity as the general partner of the Funds, certain affiliates of SCHF in their capacity as such, or any other person in connection with the investments/activities of the Funds, including service by such person, at the request of SCHF, as an officer or director of a portfolio company, as described in the Partnership Agreements);
- indemnifications of persons to whom the Funds have undertaken an indemnification obligation, costs of litigation and other extraordinary expenses;
- costs of financial statements and other reports to investors, costs of governmental returns, reports and other filings, and costs of governmental examinations, audits, investigations and similar proceedings;
- costs of meetings of investors and (to the extent provided in the Partnership Agreements, meetings of the Board of Directors (including the reasonable travel and other out-of-pocket costs incurred by SCHF and members of the Board of Directors in attending such meetings);
- interest expenses;
- amounts paid to or for the benefit of portfolio companies other than as capital contributions thereto or in exchange for securities issued by portfolio companies;
- the Advisory Fee;
- advertising (including event sponsorship, attendance and professional organization costs) and public notice costs;
- costs and expenses associated with preparing Funds' tax returns, making tax elections and determinations, and similar activities, including costs and expenses incurred by SCHF in its capacity as "partnership representative";

- costs and expenses associated with the organization and maintenance of holding vehicles or other investment conduits;
- taxes and other governmental charges imposed upon the Funds as an entity;
- winding-up and liquidation expense;
- costs of the Funds', SCHF's, and SCHF Management's compliance with applicable securities laws;
- costs of third-party research data subscriptions and similar products;
- If SCHF is removed in connection with a "No-Fault Event" (as is more fully described in the Partnership Agreements), reasonable costs and expenses incurred or payable by the SCHF and SCHF Management (during or in respect of the time between the No-Fault Event and the initially anticipated final termination of the Fund or Funds as determined by SCHF in good faith) in respect of contractual obligations, commitments or fixed costs which were undertaken in good faith reliance upon the absence of a No-Fault Event and the assumption that the applicable general partner would continue to serve as such through such initially anticipated final termination (e.g., obligations to vendors, lessors, service providers or other medium/long-term contract parties); and
- any other expenses not listed in the preceding clauses that are not normal operating expenses of SCHF or SCHF Management.

As used throughout this brochure, travel expenses and costs shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including chartered, private plane, first class or business class travel and private car travel), lodging and accommodations.

To the extent that, in the aggregate, certain Fund expenses exceed 0.05 percent of a Fund's net asset value as of the end of the applicable fiscal year, the Advisory Fee will be reduced by an amount equal to such excess.

Expenses that would otherwise be payable by the Adviser may be reduced through the use of "soft" dollars, as discussed in Item 12 below.

The Adviser, from time to time, engages one or more fund administrators or similar service providers to perform certain functions in relation to the Funds, which services may include coordination of the Funds' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting which with the Funds are required to comply. In certain instances, employees of such service providers dedicate substantially all of their time to the Funds or spend all or a significant majority of their business time at the Adviser's offices. These expenses related to such service provider employees are borne by the Funds.

Each Fund, including the Co-Invest Funds, will bear its own expenses. Expenses attributable to a specific investment will be allocated among the Co-Invest Funds and the Main Funds in accordance with their pro rata share of each such investment. All other Fund expenses will be borne by each Fund in proportion to its relative net asset value at the time of apportionment. Each Master Fund and Co-Invest Fund will bear its share of the expenses of the portfolio funds and companies in which that Fund invests, including the expenses related to investments in any Sequoia Affiliated Funds. Each Feeder Fund will bear its share of the expenses of the Master Funds. Each Fund will reimburse the Adviser for any Fund expenses incurred by the Adviser on behalf of such Fund, and SCHF may, in its sole and absolute discretion, assign to SCHF Management the right to receive reimbursements otherwise payable to SCHF under a Fund's Partnership Agreement. See "*Conflicts with Respect to Allocation of*



*Expenses*” in Item 11 below for more information on how the Adviser generally resolves conflicts with respect to expenses and allocation of such expenses among the Funds.

Each investor in the Feeder Funds and Co-Invest Funds bears its own costs, expenses and losses associated with its participation in the Funds, including any reasonable legal and other out-of-pocket expenses incurred by the Fund. This will include expenses incurred on behalf of the investor in connection with, e.g., a transfer of an investor’s interests. The Adviser is authorized, and will, deduct expenses incurred on behalf of an investor from such investor’s capital account.

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

The Adviser does not currently charge the Main Funds a performance-based fee. To the extent the Adviser charges the Main Funds a performance-based fee in the future, it will be done in a manner that is consistent with the Partnership Agreements. The Main Funds do, and will in the future, however, bear their share of any performance-based fee or carried interest paid in connection with the underlying funds in which they invest.

The Adviser, or an affiliate of the Adviser, has, and may in the future, charge carried interest with respect to one or more of the Co-Invest Funds. In theory, this could create a performance-based incentive for the Adviser to cause certain investment opportunities to be allocated to the Co-Invest Funds in preference to the Main Funds; however, the Co-Invest Fund documents provide that the Co-Invest Funds will only invest in an opportunity to the extent the Main Funds have satisfied their investment “appetite” with respect to such opportunity.

Certain members of the Board of Directors of SCHF manage other funds that charge a performance-based fee in which SCHF has, and may in the future, invest; however, such supervised persons do not have authority to make investment decisions for the Funds. Please see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

#### **Item 7. Types of Clients**

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Interests in the Feeder Funds generally are offered to persons that are (i) “accredited investors,” as defined in Regulation D under the Securities Act and (ii) “qualified purchasers” (as defined in the 1940 Act) or are otherwise qualified to invest in a “3(c)(7) fund,” and that meet other qualifications established by Adviser, and may include, among others, high net worth individuals, pension plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities. Certain of the Funds are exempt from registration in reliance on Section 3(c)(1) of the 1940 Act and whose investors are not, at the time of their investment, “qualified purchasers.”

Prospective investors should note that the Partnership Agreements and PPMs indicate that the Adviser generally requires certain minimum investment amounts for investors in the Funds. These initial investment and/or capital commitment minimums for the Funds are subject to reduction or waiver, and have been reduced or waived, at the Adviser’s sole discretion. The Partnership Agreements and PPMs for the Co-Invest Funds contain additional restrictions on amounts that investors are permitted to commit to those vehicles.

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

### Methods of Analysis and Investment Strategies

#### *Investment Approach of the Main Funds*

The Adviser manages a global portfolio invested in different regions and assets by investing through third party managers and pursuing direct investments.

The Adviser employs an approach that has its origins in the techniques of large foundations, trusts, and endowments as well as the more opportunistic and contrarian styles of leading family offices.

From the former, the Adviser's approach draws on the disciplines of asset allocation and manager selection. The Main Funds' portfolios represent judgments about the roles and relative importance of each asset class as well as their relationships to one another.

The Adviser seeks managers who combine expertise, experience, and integrity with properly aligned incentives. From endowments, the Adviser also draws on the practice of regular rebalancing: selling as relative values and returns rise for a given asset class or manager, and simultaneously buying other asset classes and investments with managers that the Adviser regards as comparatively undervalued. The Adviser monitors the Main Funds' managers individually and collectively so the Adviser can create portfolio overlays designed to counteract over-concentration or dependency on particular currencies or geographies. The Adviser ordinarily rebalances between asset classes over a period of months or years, and within asset classes as frequently as necessary depending on market volatility.

The Adviser also draws from the practices of successful family offices, which must respond to the differing needs, time horizons, and liquidity requirements of a varied constituency. The Adviser includes a meaningful fixed income allocation and can provide annual distributions. When the Adviser makes illiquid investments, the Adviser seeks to match their anticipated durations to liquidity elsewhere in the Main Funds' portfolios.

Like family offices, the Adviser incorporates an emphasis on absolute, rather than relative, returns.

The Adviser employs a number of techniques to monitor, stress-test, and manage liquidity under a variety of different potential market conditions. Among these is a liquidity ladder at the portfolio level to understand the Funds' liquidity positions over time.

#### Portfolio Construction

In constructing the Main Funds' portfolios, the Adviser assembles equities, debt, and real assets. Taken in different combinations, these assets form the primary asset classes (public equity, real estate, natural resources, uncorrelated strategies, private equity, and fixed income) with which the Adviser works.

#### Public Equity

The Adviser's public equity portfolio approach is based on active management combined with passive management or indexing. Public equity investments typically include small/microcap mandates, sector-focused investments, concentrated global or regional stock pickers, country-specific specialists, and indexed or benchmark-sensitive strategies (primarily for rebalancing purposes). Long-biased,

long-short managers, whose returns are generated through stock selection and who typically express a moderate level of market correlation, are also grouped into the public equity portfolio.

The Funds also acquire public securities directly as a result of distributions in kind from their underlying managers, initial public offerings of private companies in which they hold securities or as consideration in connection with other forms of investment exits.

Finally, the Adviser causes the Funds to invest directly in public equity when it determines that an opportunity warrants such a purchase and is consistent with the Funds' investment strategy. Such direct acquisitions and all dispositions of direct public equity holdings will be conducted by an unaffiliated broker-dealer, whose fees and commissions will be borne by the Fund. The Funds' brokerage procedures are described below in Item 12.

### Uncorrelated Strategies

This portion of the portfolio encompasses a broad range of strategies and disciplines. This asset class includes arbitrage, distressed debt, event-driven, fundamental credit, low-beta long-short, macroeconomic, multi-strategy, and volatility managers.

### Real Assets

Real assets consist of real estate, natural resources, energy, commodity, infrastructure, and other investments in tangible assets.

### Private Equity

Private equity is comprised principally of three styles of investing—buyout, growth equity, and venture capital. The Adviser seeks to invest with private equity managers who operate in niches and employ distinctive investment approaches.

### Fixed Income

Fixed income investments consist of U.S. treasuries and agencies, inflation-protected securities, commercial paper, high grade corporate debt, and other structured debt instruments. The Adviser employs a mix of active and passive management in fixed income, assigning the highest priority to liquidity and capital preservation.

### *Investment Approach of the Co-Invest Funds*

Certain Co-Invest Funds have been, and will in the future be, established to invest in opportunities sourced for the Main Funds and will participate solely to the extent the Main Funds have satisfied their investment appetite with respect to each applicable investment. Such Co-Invest Funds have and are also permitted to invest in secondary or follow-on opportunities where the Main Funds have previously invested, but for which the Adviser determines the Main Funds have no additional capacity. In each case, the Co-Invest Funds are permitted to invest in any of the asset classes or forms of investments (including direct investment in public and private securities and underlying managers) as the Main Funds.

The Co-Invest Funds are intended to act as “spill-over” vehicles to take advantage of investment capacity above and beyond the “appetite” of the Main Funds. As a result, the Adviser generally will not manage the asset allocation of the Co-Invest Funds and the Co-Invest Funds will only participate in a

limited set of the opportunities offered to the Main Funds. The portfolio of a Co-Invest Fund will be concentrated in a limited number of investments, increasing the vulnerability of such Co-Invest Fund's portfolio as compared with a portfolio that is more diversified. Investors should refer to the "Risks of the Funds" and "Risks of the Co-Invest Funds" sections below for further information.

## **Risks of the Funds**

Investing in securities involves a substantial degree of risk. The Funds may lose all or a substantial portion of their investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

The Adviser's investment approach with respect to the Funds is opportunistic and does not focus on any one investment strategy. For these reasons, the following list of risks generally does not discuss specific risks or other considerations associated with specific types of investments. For a complete discussion of all the risks applicable to the Funds, please refer to the applicable PPM.

### *General Risks Associated with Investments*

The performance of the Funds' investments, and therefore the value of the Funds, will be subject to many factors over which the Funds have limited or no control and which involve a high degree of business and financial risk. The possibility of loss of the Funds' capital, including the complete loss of capital, will exist, and investors should not invest in the Funds unless they can bear the consequences of such loss.

The Funds are subject to few restrictions on the types of investments that they are permitted to make. The Funds' investments are expected to span a broad range of asset classes, geographies, strategies, and sectors. In addition, the Funds have no set dissolution dates and are expected to follow very long-term investment strategies.

Identifying and participating in attractive investment opportunities and balancing investments across multiple asset classes, geographies, strategies, and sectors over a time period that is intended to span several decades is difficult. There is no assurance that the Funds' investments will be profitable. Any return on investment to the investors will depend upon successful investments made on behalf of the Funds by the Adviser. Many investment decisions by the Adviser will be dependent upon the ability of its members and agents to obtain relevant information from multiple sources (including nonpublic sources) and synthesize significant amounts of information relating to the wide range of permissible investments. The Adviser 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 performance of each investment will depend upon many factors beyond the Adviser's control. For example, the Funds are expected to invest a significant portion of their capital in funds or other pooled investment vehicles managed by persons other than the members of the Adviser. In addition, the Funds hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. Portfolio funds and portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage.

### *General Economic and Market Conditions*

General economic or market conditions can adversely affect the investments made by the Funds. In addition, increases in interest rates or a downturn or contraction in the economy, in the capital markets,

or in certain industries or geographic regions could restrict the availability of suitable investment opportunities for the Funds and/or the opportunity to obtain liquidity from such investments, each of which would prevent the Funds from meeting their investment objectives. A general economic downturn could also result in the diminution or loss of the investments made by the Funds and an increase in the number of withdrawal requests from investors.

### *Unique Investment Strategy*

The Adviser's investment strategy has been developed based on the investment strategies of certain large foundations, trusts, endowments, and leading family offices with the goal of providing significant returns while mitigating risk. However, there can be no guarantee that the proposed investment strategy will be successful. If the investment strategy does not succeed as planned, it is possible that the Funds will have poor investment returns or that the level of risk associated with an investment in a Fund will be higher than anticipated.

### *Investors Will Experience Different After-Tax Returns*

Investors in the Funds have varying tax statuses, including U.S. taxable and tax-exempt investors and non-U.S. investors, and the Funds will invest in different investment opportunities, which are subject to different tax treatments. These diverse tax statuses will result in different tax treatment of investors in the Funds with respect to returns from investments made by the Funds, which will result in different after-tax returns among investors.

In addition to affecting after-tax returns, these differences can result in circumstances where the structuring of an acquisition or disposition of an investment is carried out in a manner that is more advantageous or disadvantageous for tax purposes for different classes of investors. These differences are magnified by the dependence of the Fund's investment strategy on other managers. While the "master-feeder" structure of the main fund alleviates certain differences in performance, the Adviser is not generally able to predict with any certainty the character of income that has been or will be generated by any Fund investment and the Adviser has no control or discretion over the types and structuring of acquisitions, dispositions and management of any investment made within another investment fund structure in which the Fund holds interests.

Each investor selects, in its sole discretion based on its own diligence, the appropriate Fund in which such Investor would invest, subject to SCHF's right to reject any subscription, in whole or in part, in its sole and absolute discretion. Investors should review the Partnership Agreements and PPMs and consult with their legal and tax advisors regarding the tax impact of any investment in the Funds.

### *Limited Liquidity*

Significant portions of the Funds' assets are and are expected to be illiquid or subject to substantial limitations on liquidity. The Funds may not be able to readily dispose of such investments and, in some cases, are legally or contractually prohibited from disposing of such investments for a specified or indefinite period of time. Further, there can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Disposing of certain illiquid investments can involve time-consuming negotiation and legal expenses and it could be difficult or impossible for the Funds to sell such investments promptly at an acceptable price.

The illiquid nature of the Funds' assets also means that a withdrawing investor will not receive the full value of its capital account immediately upon consummation of its withdrawal. All withdrawals will

occur in accordance with the terms of the Partnership Agreements, including the right of SCHF to limit aggregate investor withdrawal amounts to 15% of the applicable Fund's liquid net asset value. A withdrawing investor is generally not permitted, except as otherwise approved or required by SCHF in its sole and absolute discretion, to withdraw from illiquid investments unless and until such investments are realized or distributed, the timing of which cannot be anticipated with any certainty at the time of withdrawal. A withdrawing investor's remaining interests will be subject to different investment risks than the Funds' portfolios taken as a whole, including, but not limited to, increased concentration in individual investments.

In the event of the dissolution of the Funds, there can be no assurance that the Funds will be able to divest or otherwise dispose of all their investments prior to making their final liquidating distributions, which could require the Funds to make in-kind distributions.

### *Valuation of Illiquid Assets*

Illiquid investments will generally be carried on the books of the Funds at fair value, determined in accordance with the valuation provisions set forth in the Partnership Agreements. The absence of a trading market can make it difficult to ascertain a market value for illiquid investments. The Funds' valuations of investments rely to a material extent on the financial information and reporting made available by the managers of the funds and issuers of securities in which the Funds invest. The Adviser has no ability to independently verify the financial information provided by those managers and issuers and is dependent upon the integrity of the management of the managers and issuers and the financial reporting process in general. There is no guarantee that such fair value will represent the value that the Funds will realize on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Managers of the underlying investment funds and the Adviser face a conflict of interest in valuing securities and interests as their value can affect compensation, with respect to both fixed asset-based fees and performance-based fees or allocations. In certain cases, such compensation will be based on calculations of realized and unrealized gains made by investment fund managers without independent oversight. As a result, it is possible for there to be situations where managers of the underlying investment funds and the Adviser are incentivized to influence or manipulate the valuation of investments.

While the Adviser strives to conduct adequate diligence on its managers, there can be no assurance that such diligence will be complete, and material losses as a result of corporate mismanagement, fraud and accounting and reporting irregularities are possible.

Investors in the Funds are generally able to contribute capital, transfer their interests and withdraw from the Funds on dates other than the date of an annual audit. As a result, calculations of the net asset values of the underlying investments in the Funds and determinations of relative ownership percentages will be based on unaudited information and estimates based on information provided to the Adviser.

### *Reliance on Other Managers*

The Adviser is expected to invest a significant portion of the Funds' capital in private investment vehicles (e.g., funds and managed accounts) managed by third parties.

Finding, selecting, and investing in vehicles managed by such other managers is a complex process. In determining how to invest the Funds' capital in other private investment vehicles, the Adviser looks for managers whose investment strategies are expected to offer superior risk-adjusted returns, considering both objective information relating to such other vehicle's managers (such as historical

performance data) and subjective information. There can be no guarantee, however, that the Adviser's assessment of any manager will be accurate. In particular, there can be no assurance that past performance data or other objective or subjective information relating to such managers will provide any indication as to how private investment vehicles managed by such managers will perform in the future. While the Adviser will request information from each underlying manager, it will not always obtain such information as a result of confidentiality or other legal restrictions. Inability to receive complete information makes it more difficult to select, evaluate, allocate among, and assess the performance of underlying asset managers.

Even if the Adviser is able to accurately identify managers whose vehicles are likely to produce attractive returns, there can be no assurance that the Funds will be able to invest in such vehicles. For example, taking into account the varying fundraising cycles of vehicles managed by such managers, and the timing of the Funds' own closings and other investments, the Funds may not have available capital during any such other vehicle's "open window" period. In addition, there can be no guarantee that a Fund's offer to invest in any such vehicle will be accepted.

Finally, it is anticipated that many of the same risks that relate to the Adviser's management of the Funds, including conflicts of interest, will apply in a corresponding, or even more significant, manner to investment vehicles of third party managers.

#### *Investment in Other Funds and Managed Accounts*

The Funds will invest in private limited partnerships and similar structures that are sold in private placements and that are not registered investment companies under the Investment Company Act of 1940 or registered advisers under any of the Investment Advisers Act of 1940 or other federal or state law. Interests in the Funds have not been registered under the Securities Act of 1933. As a result, the Funds will not be entitled to certain protections under the applicable securities laws.

Further, the Adviser and the Funds generally will not have any control over the management of the other funds and investment vehicles in which the Funds invest, and the success of such investments generally will depend on the ability and success of the management of such portfolio funds. It is anticipated that the Funds will be purely passive investors in such funds and investment vehicles, with little or no right to vote upon or otherwise control the principal activities of such vehicles. Further, because the Funds invest with managers whose trading decisions the Funds do not control, managers take positions that are the opposite of positions taken by the Funds or other managers for the Funds. Also, underlying investment managers and the Funds may compete for the same or similar opportunities.

Managers of such funds are entitled to receive management fees, carried interest, performance-based fees and/or other forms of compensation in respect of such funds or investment vehicles. Certain investors in the Fund may qualify to, and have access that would permit, direct investment in certain of the unaffiliated funds and other securities in which the Funds invest. By making investments through the Funds, with certain exceptions that are more specifically described in this Brochure, an investor will generally be charged fees by both the Funds and the underlying managers. In addition to paying fees at multiple levels, an investor in the Funds will bear its share of the transaction-related expenses and other operating costs of both the Funds and their investments.

As a result of the pooled nature of the Funds, even if a Fund's overall performance is negative, one or more of its investments may still have a positive performance and the Fund (and therefore the investors) whole will still be charged an incentive fee by the underlying manager, regardless of the overall performance of the Fund.

There will generally be no reduction in the Advisory Fees payable to the Adviser with respect to the portion of the Main Funds' capital that is invested in such funds (except with respect to the Sequoia Affiliated Funds). In addition, certain investments, or portions of such investments, rely in whole or in part on the ability of another party to make contractual payments to the fund or investment vehicle in the future. These investments may suffer losses if such counterparties default on their obligations.

### *Global Investment Strategy and Non-United States Investments*

The Adviser expects to invest the Funds' assets in a geographically diverse portfolio and, as a result, the Funds' performance will depend in part upon the financial and other health of the countries in which they and any managers invest. Such investments present a variety of risks not presented by investments in United States portfolio entities, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) political instability; and (vii) multiple taxing jurisdictions. Any adverse changes to a host country's government, laws, economy, tax regulations, currency controls or other attributes could have a significant adverse effect on the Funds' performance.

Further, issuers of foreign securities (whether United States dollar- or local currency-denominated securities) are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to United States issuers. The Adviser may invest a portion of the Funds' assets in developing countries or in countries with new or developing capital markets. The considerations noted above are generally heightened for these investments. These countries may have unstable governments, economies based on only a few industries and insufficient regulatory schemes, which would make such investments high risk.

Even those portfolio entities that nominally are United States portfolio entities by virtue of their jurisdiction of organization or management headquarters may be exposed to significant non-United States risks by virtue of their assets and/or investment strategies.

### *Leverage*

The Funds are authorized by the Partnership Agreements to borrow amounts of money in the normal course of business for a variety of purposes. Depending on the form of borrowing, this use of leverage could increase the volatility of the Funds' investments.

Further, many of the Funds' underlying managers use leverage in their investing, which may increase the potential for losses and changes the tax treatment of income received from such investments. In a difficult credit environment, the underlying managers may be unable to obtain leverage. Underlying managers who rely on leverage as part of their investment strategy may be unable to execute on such strategies or execute on such strategies on the underwritten terms, which would result in losses to the Funds. If leverage is terminated on short notice by a lender or there is a substantial decrease in the value of the relevant assets, the manager may not be able to liquidate assets quickly enough to repay borrowings or be forced to liquidate assets at prices below fair value, each of which would magnify the losses incurred by the Funds.

### *Currency Exposure*

The Funds are expected to invest a substantial portion of their assets in securities denominated in foreign currencies, but interests in the Funds will be valued in United States dollars. As a result, the value of such interests in the Funds fluctuate with exchange rates, which, among other things,



magnifies the impact of changes in the value of the Funds' assets denominated in their local currency. The Funds will also have substantial exposure to currency fluctuations with respect to ongoing obligations to make capital contributions to local currency-denominated portfolio funds over a period of years. Although the Adviser may seek to mitigate the risks associated with the Funds' currency exposure through hedges or other risk management techniques, there can be no assurance that any such techniques will be attractively priced or provide adequate protection.

Further, capital contributions and distributions of cash by the Funds generally are stated, made or payable in United States dollars. An investor whose functional currency is not United States dollars will bear substantial risks associated with fluctuating currency exchange rates.

### *Exposure to Digital Assets*

The Funds are indirectly exposed to, and may in the future themselves hold, digital assets. Digital assets, including "blockchain" assets, digital "tokens" and "cryptocurrencies", are part of a new and rapidly evolving industry that is subject to a high degree of volatility in value/price and regulatory uncertainty. Digital currency is not issued by any government, bank or central organization, but instead exists on an online, peer-to-peer, distributed network that acts as a public and immutable record of all transactions in the underlying digital currency.

Digital assets prices have been subject to periods of excessive volatility in the past, and such periods can be expected to recur, which will impact the value of the Funds' underlying assets. Price volatility is influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions.

Regulation of digital assets such as cryptocurrencies, blockchain technologies, and cryptocurrency exchanges is undeveloped and rapidly evolving, sometimes in an inconsistent "patchwork" of potentially conflicting and overlapping rules. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development, adoption, utility, and growth of digital assets, severely restrict the right to acquire, own, hold, sell or use digital assets, or to exchange digital currencies for fiat currency. Such actions may restrict the ability of the Funds' underlying managers (or, if the Funds hold such assets directly, the Funds) to invest in, hold or trade digital currencies, and could result in a total loss of the investment in particular digital assets.

Further, digital tokens, a form of digital assets, have emerged as a new alternative channel for raising funds. These offerings, which are known as "initial coin offerings" or "ICOs" may be deemed to be the digital equivalent of an initial offering of securities. The Funds may be directly or indirectly exposed to ICOs through their underlying managers, including purchases in ICOs by such underlying managers and ICOs conducted by underlying portfolio companies, in each case over which the Funds will have no influence or control. The digital tokens offered in ICOs have no established public market and, although the digital tokens may be listed on exchanges, there can be no assurance that such exchanges will maintain a listing or continue to allow access by U.S. investors. As of the date of this Brochure, ICOs may not be registered under the Securities Act or under the securities law of any state or other jurisdiction and it is unclear how U.S. and non-U.S. regulatory agencies and courts will treat such offerings. As a result, the Funds and their underlying managers may have limited protection and recourse under existing law and such investments are expected to be highly illiquid. There can be no assurance that a secondary market in an ICO will develop or, if it does develop, that it will provide digital token holders with sufficient liquidity or continue for the life of the token. These offerings are highly speculative and may result in a loss of the investment in any such asset.

### *Additional Risks to Direct Investment in Digital Assets*

The Funds may invest directly in or receive digital assets through distributions in-kind from the Funds' underlying managers. The methods for receiving, storing and disposing of digital assets differ significantly from those of traditional currencies, commodities, physical assets or securities. Digital assets distributed in-kind to the Funds will require the Funds to implement mechanisms such as digital wallets or other means to receive the distribution. The Funds will have to make appropriate arrangements before receiving such in-kind distributions which may cause significant delays, during which period there may be a material decline in the value of such assets. If the Funds seek to dispose of digital assets received as an in-kind distribution, they may incur additional costs and risks to dispose of such assets and there can be no assurance that the Funds will be able to do so. As a result, pending any such disposition, the Funds will be subject to market risks inherent in holding such assets and may obtain less value from such distribution than they would have received if the distribution were made in cash. Digital assets are generally expected to be highly illiquid, and it may be impossible to dispose of such assets for some period, during which they may fluctuate in value until they are sold or otherwise realized.

### *Tax Risks, Including Change of Tax Laws*

U.S. and non-U.S. tax laws are complex, and can change after a limited partner's investment in a Fund or after a Fund has invested its assets (which change may have retroactive effect). U.S. tax law is subject to additional complexity and its interpretation is subject to increased uncertainty as a result of recent legislation enacted on December 22, 2017 (the "Tax Act") implementing a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code"). While additional guidance on the Tax Act is expected, the timing, scope and content of any such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws could be adverse to the Funds and their limited partners. Non-U.S. tax laws could also change, which change may have retroactive effect. Each prospective investor should consult its own tax advisor with respect to tax issues related to, and the impact of potential changes in applicable tax laws on, an investment in a Fund in light of its particular tax situation.

### *Cybersecurity Risks*

The Funds are subject to risks associated with a breach in their cybersecurity. If a cybersecurity breach occurs, the Funds may incur substantial costs, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, investment losses from sabotaged trading systems, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information, and reputational damage. Any such breach could expose the Funds to civil liability, as well as regulatory inquiry and/or action and could lead to Investors making redemptions from the Funds. In addition, Investors could be exposed to additional losses as a result of unauthorized use of their personal information.

### *Co-Investing with Other Sequoia Capital Funds*

The Funds have invested, and may invest in the future, alongside other Funds or in portfolio companies of other Funds. In addition, one or more Sequoia Affiliated Funds have co-invested, and are likely to co-invest in the future, with the Funds.

A fund (such as a Co-Invest Fund) that is intended to co-invest with one or more other funds managed by SCHF presents specific investment risks. See "*Conflicts with Respect to the Funds' Relationship*

with Sequoia Capital” and “Conflicts Associated with Co-Investing with Other Funds and Sequoia Affiliated Funds” in Item 11, below, for more information on the risks and the conflicts associated with such co-investments.

### **Risks of the Main Funds**

In addition to the risk of loss and the risks discussed above associated with investing in equity securities and other pooled investment vehicles, the Main Funds are also subject to the following risks:

#### *Long-Term Investment*

An investment in the Main Funds is a long-term commitment and there is no assurance of any distribution to investors. The Main Funds have no set dissolution date, and are expected to remain in existence for a significant period of time. Although each investor will be permitted to receive an “annual payout” of up to five percent of its capital account balance each year and will have certain annual withdrawal rights (in each case, subject to the limitations contained in the Partnership Agreements), it is not anticipated that the Main Funds will otherwise make distributions to investors.

#### *Broadly Diversified Portfolio and Asset Allocation*

The Adviser’s investment strategy requires the Main Funds to invest in a variety of asset classes and to allocate capital across multiple geographies and sectors. Creating and maintaining the appropriate balance in such a broadly diversified portfolio is difficult. The over-allocation or under-allocation of the Main Funds’ capital to any particular asset class, geography, or sector could reduce the Main Funds’ ability to produce returns for investors. The ability of the Main Funds to successfully allocate capital across such a broadly diversified portfolio will depend, among other things, upon the ability of the members of the Adviser to: (i) understand the risks and returns of each of the potential asset classes, geographies, and sectors; and (ii) remain informed as the market landscape changes over time. Any return to the investors will also depend upon the successful implementation of the Main Funds’ asset allocation strategy on an ongoing basis. There can be no guarantee that the Main Funds will be able to participate in any particular investment and risks described in more detail below would make it difficult for the Adviser to pursue its strategy of creating broadly diversified portfolios for the Main Funds.

#### *Changes in Environment*

The Main Funds’ investment program is intended to extend over a period of decades, during which the business, economic, political, regulatory, legal, and technology environment within which the Main Funds operate are expected to undergo substantial changes, some of which may be adverse to the Main Funds.

There can be no assurance that investment strategies developed and implemented in the current market will remain appropriate as market conditions change. In addition, there is no guarantee that the Adviser will be able to keep up with developing market trends or other changes in the investment landscape. Returns to the investors will depend upon the successful evolution of the Main Funds’ investment strategy to address changes in market conditions over time.

The Adviser will have the exclusive right and authority (within limitations set forth in the Partnership Agreements) to determine the manner in which the Main Funds shall respond to such changes, and investors generally will have no right to demand specific modifications to the Main Funds’ operations in consequence thereof. The investment sourcing, selection, management and liquidation strategies

and procedures exercised by members of the Adviser in the past may not be successful, or even practicable, during periods of the Main Fund's term. Within the limitations set forth in the Partnership Agreements, the Adviser will have the right and authority to cause each Main Fund's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in the applicable PPM.

#### *Limited Fund Liquidity*

It could be difficult or impossible for the Main Funds to raise additional capital or realize illiquid investments to obtain additional liquidity. This overall constraint upon liquidity could, from time to time, make it difficult or impossible for the Adviser to take advantage of attractive investment opportunities, make distributions to investors or satisfy the Main Funds' obligations to third-parties. While the Adviser will seek to manage the Main Funds in a manner that causes the Main Funds to maintain adequate liquid reserves, there can be no assurance that such reserves will be sufficient under all circumstances.

#### *Rebalancing the Portfolio*

Regular rebalancing of the Main Funds' portfolios is an integral part of the Adviser's investment strategy. However, there are risks associated both with rebalancing the portfolio too often and failing to rebalance the portfolio often enough. Failure to rebalance the portfolio when one asset class' value grows significantly relative to other asset classes could result in the Main Funds' portfolios being excessively concentrated in an overvalued asset class, and therefore more vulnerable to market corrections. On the other hand, overzealous rebalancing could result in the Main Funds' disposing of investments too frequently, thereby failing to capture sufficient upside with respect to the underlying securities or incurring excessive transaction costs. In addition, the appropriate time period between one rebalancing and the next will vary depending on market conditions and other factors outside of the Adviser's control, and it will be difficult for the Adviser to determine the optimal time for each rebalancing.

#### *Risk Management*

Although managing risk is a principal element of the Adviser's overall investment strategy, the Main Funds are expected to make investments that, viewed in isolation, present very substantial risks. In other words, the Main Funds' investment strategy does not rely upon the avoidance of risky investments. Rather, the Adviser will seek to manage risk across the Main Funds via a broad array of risk-offsetting techniques. There can be no assurance that the Adviser will be successful in avoiding excessive risk exposure in connection with the Main Funds' investments. The Adviser's ability to successfully manage risk will depend in significant part upon: (i) the ability of the members of the Adviser to accurately obtain and analyze relevant data to identify possible risks; (ii) the ability of the members of the Adviser to make appropriate adjustments to the Main Funds' asset allocations; and (iii) the availability and affordability of market vehicles to reduce risk (e.g., swaps, hedges, puts and insurance). If the Adviser is unable to identify the relevant risks or adjust the Main Funds' asset allocations to mitigate risks, or if the cost of market vehicles to reduce risk is prohibitive, the Main Funds' investment performance could suffer.

#### **Risks of the Co-Invest Funds**

In addition to the risk of loss and certain of the risks discussed above associated with investing in equity securities and other pooled investment vehicles, certain of the Co-Invest Funds are also subject to the following risks:

### *Concentration of Investments*

The portfolio of a Co-Invest Fund will be concentrated in a limited number of companies, real estate interests, or other entities, increasing the vulnerability of such Co-Invest Fund's portfolio as compared with a portfolio that is more diversified. In certain cases, a Co-Invest Fund could acquire majority or greater interests in portfolio companies or other entities, which could further increase the vulnerability of the portfolio.

### *Limited Investment Opportunities; Relation to Other Funds of the Adviser*

Certain of the Co-Invest Funds are or will be formed to invest primarily in companies, real estate interests, or other entities that have received, or will simultaneously receive, investment from one or more other Funds. As a practical matter, this means that a Co-Invest Fund often will invest only to the extent such other Funds have satisfied their investment "appetite," with the consequence that, in this regard, such Co-Invest Fund's investment interests are considered subordinate to the investment interests of such other Funds. Even within that limited segment of investment opportunities, such Co-Invest Fund would expect to invest in less than all of the available opportunities. As a result, it is possible that certain of the Co-Invest Funds will invest only infrequently and will call capital in a less predictable manner than is typical for venture capital or other types of private investment funds. In order to respond to such unpredictability, investors may need to maintain a greater than average portion of their capital commitments in assets that can be readily converted into cash.

### *Abbreviated Investment Periods and Loss of Opportunities Outside the Investment Period*

Unlike the Main Funds, which have no set investment period, the investment period for each Co-Invest Fund are as short as one year. Opportunities offered to each Co-Invest Fund will be limited to those sourced by the Main Fund during the applicable Co-Invest Fund's investment period, which will further limit the investment opportunities available to each Co-Invest Fund. The Co-Invest Funds are also barred from participating in follow-on rounds, increased capacity and other opportunities with respect to each of their investments to the extent such events occur outside of a Co-Invest Fund's applicable investment period. While the Adviser will seek to manage the Co-Invest Funds in a manner that causes the Co-Invest Funds to maintain adequate liquid reserves, there can be no assurance that such reserves will be sufficient under all circumstances. This can result in the acquisition of securities or other interests by the Main Fund or other Co-Invest Funds that are senior, whether economically or otherwise, to the interests held by the Co-Invest Fund. Participation by the Main Fund or other Co-Invest Funds in such additional investment opportunities would result in dilution of such other Co-Invest Fund's interests in a particular investment. If assets are insufficient for distribution to all equity holders upon the liquidation of an investment, this could result in a partial or total loss for a Co-Invest Fund that is not experienced by the Main Funds or another Co-Invest Fund. Returns to the Main Funds and Co-Invest Funds can differ as a result of a variety of factors, including, but not limited to, terms and timing of investment.

A fund (such as a Co-Invest Fund) that is intended to co-invest with one or more other affiliated funds presents specific investment risks. See "*Conflicts Associated with Co-Investing with Other Funds and Sequoia Affiliated Funds*" in Item 11, below, for more information on the risks and the conflicts associated with such co-investments.

### *Tax Treatment of Carried Interest*

Non-corporate U.S. persons (including the owners of the Adviser) are subject to United States federal income tax on long-term capital gain at rates that are substantially lower than the rates applicable to

ordinary income or short-term capital gain. In general, gain from the disposition of an investment of the Co-Invest Funds held for more than one year will be treated as long-term capital gain; however, gain in respect of the Adviser's performance-based fees will be treated as short-term capital gain unless a Co-Invest Fund's holding period in the relevant investment is for more than three years.

In addition, enactment of the Tax Act could cause the Adviser's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which could have an adverse effect on the Adviser's ability to achieve the investment objectives of the Funds.

The Tax Act does not, however, modify the treatment of allocations of qualified dividend income in respect of the Adviser's performance-based fees, and therefore these allocations will continue to qualify for the preferential tax rate for non-corporate persons. As a consequence, conflicts of interest may arise between the interests of the Adviser and the interests of the Co-Invest Funds' limited partners connection with the Adviser's investment-related determinations. Such determinations include, but are not limited to, decisions with respect to the discovering, evaluating, developing, negotiating, structuring, making, acquiring, holding, carrying, restructuring, monitoring, managing, disposing and monetizing the Co-Invest Funds' investments. Prospective investors should consider these potential conflicts in making their investment decisions and expect that the Adviser's determinations will be influenced, in part, by the tax treatment of capital gain in respect of the Adviser's performance-based fees.

#### **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

##### **Material Relationships with Related Persons**

SCHF serves as the general partner and investment advisor of the Funds. Day-to-day operations of the Funds have been delegated by SCHF to SCHF Management, which has substantial overlaps with SCHF in ownership and personnel. For further information about such conflicts and a description of how such conflicts are generally addressed by the Adviser, please see Item 11 below.

##### *Board of Directors*

Certain members of the Board of Directors of SCHF, including independent members, serve as directors or hold equivalent positions at other investment advisers. These members of the Board of Directors do not have controlling influence over the investment decisions of SCHF and are not involved in the day-to-day operations of the Adviser or the Funds. Certain of those investment advisers will compete for the same opportunities as the Funds and have invested, and will invest in the future, in the same opportunities as the Funds.

Members of the Board of Directors are invested, either directly or indirectly, in one or more of the Funds and certain members of the Board of Directors, as discussed in Item 11, are affiliated with entities that own a portion of SCHF Management.

The Funds have also invested, and may invest in the future, in investment vehicles or issuers affiliated with a member of the Board of Directors, in which a member of the Board of Directors has invested or to which a member of the Board of Directors is an officer, director or adviser, including the Sequoia

**Affiliated Funds.** The Funds' investments in these vehicles results in investment management and/or performance-based fees paid to the affiliates of such members of the Board of Directors, which are, except as provided in Item 5 above, charged to the Funds and can enhance the profitability of the member of the Board of Director's own investments. This creates a potential conflict of interest, which is mitigated by the fact that such members of the Board of Directors do not have a controlling influence over the investment decisions of SCHF and are not involved in the day-to-day operations of the Adviser or the Funds.

#### *Affiliated Advisers*

The Adviser is affiliated with a number of investment advisers and general partners of private funds. Such affiliated advisers include SCGE Management, L.P., the investment manager of a hedge fund.

As described above, SCHF has delegated responsibility for the day-to-day operations of the Funds to SCHF Management. SCHF has not, however, delegated to SCHF Management the authority to make actual investment acquisition and disposition decisions or to select third party managers or investment vehicles with or in whom to invest. SCHF Management files information regarding its business on a single Form ADV with SCHF in reliance on applicable SEC guidance.

The Adviser is also affiliated with Sequoia Capital Operations, LLC and related entities, which provide investment advice to U.S. venture capital funds, and Sequoia Capital IV Israel, Ltd. and related entities, which provide investment advice to Israeli venture capital funds. The Adviser's affiliated advisers also include Sequoia Capital China Advisors Limited and related entities, Sequoia Capital India Operations, LLC and related entities, and Sequoia Capital India Advisors Private Limited and related entities, which provide investment advice to private investment funds that are managed from outside the United States and are primarily focused on investments relating to China and India, respectively.

The Funds have invested in investment vehicles and issuers affiliated with, managed by or in which persons who hold ownership or economic interests in SCHF Management are officers, advisers, members of the board of directors and/or have invested or otherwise have a participation interest. The Funds also from time to time participate in transactions alongside clients of affiliated advisers, including the Sequoia Affiliated Funds. Except as otherwise described in this Brochure or agreed among the applicable parties, the Funds' investments in these vehicles result in investment management and/or performance-based fees paid to such affiliated advisers, which will be charged to the Funds and enhance the profitability of affiliated advisers and related persons.

For a description of material conflicts of interest created by the relationship among the Adviser and its affiliated advisers, as well as a description of how such conflicts are generally addressed, please see Item 11 below.

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

#### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to every director, officer or partner of the Adviser (and every other person occupying a similar status or performing similar functions); every other employee of the Adviser; and every other person (i) who is subject to the Adviser's supervision and control and (ii) who provides investment advice on behalf of the Adviser. The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and



reporting obligations. Adviser personnel and their families and households are permitted to purchase investments for their own accounts, subject to the Code of Ethics.

Adviser personnel are required to annually certify compliance with the Code of Ethics and file periodic reports, as required by Rule 204A-1 under the Advisers Act.

A copy of the Code of Ethics is available to any client or prospective client upon request by contacting Irwin Gross at the address provided on the cover of this Brochure.

### **Participation or Interest in Client Transactions**

Certain members, employees and affiliates of the Adviser invest in and alongside the Funds, either through the Adviser, as direct investors in the Funds or otherwise. The Adviser has reduced and may reduce all or a portion of the Advisory Fee related to investments in the Funds by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “*Conflicts of Interest*” immediately below.

### **Conflicts of Interest**

The Adviser and its principals and related entities engage in a broad range of activities, including investment activities for their own account and for the account of the Funds and other investment funds. In the ordinary course of conducting the Adviser’s activities, the interests of the Funds will at times conflict with the interests of the other Funds, the Adviser or its or their affiliates. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

#### *Resolution of Conflicts*

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

- The Funds will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of the applicable Funds;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant PPMs and/or Partnership Agreements;
- The Adviser has established a Compliance Committee consisting of the Chief Operating Officer, the Chief Investment Officer, the Chief Financial Officer, the Chief Information Security Officer, the Director of Operations and the Director of Legal (the “Compliance Committee”). The Compliance Committee will assess new or potential conflicts as they arise and will be authorized to grant waivers, establish new procedures, or amend existing procedures as warranted;
- Where the Adviser deems appropriate, unaffiliated third parties will be used to help resolve conflicts;



- Under the Partnership Agreements, certain transactions that involve conflicts of interest between the Adviser and the Funds are submitted to the Boards of Directors of the Funds (the “Board of Directors”) for resolution. However, the Board of Directors will not necessarily represent the interests of all the investors and the members of the Board of Directors are themselves be subject to various conflicts of interest (including as investors in, or managers of, other entities related to members of the Adviser); and
- Prior to subscribing for interests in the Funds, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Funds in the Funds’ PPMs and Partnership Agreements, which may be updated from time to time.

In certain instances, conflicts of interest will be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives. The “*Conflicts*” section immediately below describes additional mitigating factors for specific potential conflicts.

## Conflicts

The material conflicts of interest encountered by the Funds include those discussed below, although the discussion below does not necessarily describe all of the conflicts that could be faced by the Funds. Other conflicts are disclosed throughout this Brochure and the Funds’ PPMs and Partnership Agreements, each of which should be read in its entirety for other conflicts.

### *Conflicts with Respect to Related Party Transactions*

The Funds will make investments in, or otherwise enter into transactions with other Funds, investment funds or accounts managed or sponsored by the Adviser or its affiliates, Fund investors or their affiliates and members of the Board of Directors and their affiliates (collectively, the “Related Parties”). These investments include, but are not limited to, investments in Sequoia Affiliated Funds.

Conflicts of interest arise in a number of different situations involving transactions with the Related Parties including, but not limited to (i) when a Fund invests in or co-invests with a Related Party or a Related Party invests in the Funds, (ii) when a Fund invests in an existing investment held by a Related Party, (iii) when a Fund or Related Party invests in different securities issued by the same company, and (iv) when a Fund or Related Party invests in the same or different securities issued by the same company on different terms. Each such transaction presents its own risks and special considerations. In general, the assessment and evaluation of such risks and consideration on behalf of each Fund is the sole responsibility of the Adviser. The Adviser will use its reasonable judgment (taking such factors into consideration as the Adviser, in its sole discretion, deems relevant) when resolving conflicts of interest that arise in connection with transactions with, involving or related to Related Parties.

Conflicts of interests also arise relating to members of the Board of Directors. One independent member of the Board of Directors is employed by the managers of a private fund in which the Funds are invested, and in the future other independent members of the Board of Directors may be employed by or otherwise affiliated with one or more managers with whom the Funds chooses to invest (including through investments in private funds or other investment vehicles managed by such managers), any issuer in which the Funds chooses to invest, or other investment funds with whom the Funds chooses to co-invest. Any such relationship creates a potential conflict of interest. For example, an otherwise independent director may be influenced by his or her employer’s desire to establish or maintain an investment relationship with the Funds. The independent members of the Board of Directors do not participate in, or approve, the decision to make any particular investment or investments; however,

there can be no assurance that conflicts of interest relating to members of the Board of Directors will not have a detrimental impact on the Funds.

*Conflicts with Respect to Affiliates of the Adviser and Investments in Sequoia Affiliated Funds*

From time to time, the Funds subscribe for limited partner interests in new Sequoia Capital venture, growth and other private equity funds. If the Funds make such an investment, investors in the Funds will indirectly bear the expenses, carried interest, and fees associated with the investment in the Sequoia Affiliated Funds, some of which fees and expenses will be paid to affiliates of the Adviser, unless such fees are waived. To mitigate this potential conflict of interests, the Funds will not pay any Advisory Fees in respect to the Funds' investments in Sequoia Affiliated Funds. See also "*Conflicts with Respect to Sequoia Principals and Investments in Sequoia Affiliated Funds*" below.

*Conflicts with Respect to Sequoia Principals and Investments in Sequoia Affiliated Funds*

Principals of Sequoia Capital (the "Sequoia Principals") have committed more than \$1 billion to the Funds and certain of the Sequoia Principals will serve on the Board of Directors. It is expected that (i) the Funds will invest in one or more Sequoia Affiliated Funds in which the Sequoia Principals hold direct or indirect management/economic interests and (ii) the Sequoia Principals generally will be entitled to receive direct or indirect management fees and carried interest in respect of such Sequoia Affiliated Funds. However, the Sequoia Principals that have invested in the Funds will not participate in any of the Funds' investments in the Sequoia Affiliated Funds. As discussed elsewhere in this Brochure, certain fees will be waived with respect to the Funds investments in the Sequoia Affiliated Funds.

The limited partners of the Funds generally have no right to object to any investment by the Funds in any Sequoia Affiliated Fund, or to the fact that management fees and carried interest are received in respect of a Sequoia Affiliated Fund by one or more of the Sequoia Principals that are themselves limited partners and/or members of the Board of Directors.

*Conflicts with Respect to the Funds' Relationship with Sequoia Capital*

Additional conflicts of interest will arise because of the Adviser's relationship with Sequoia Capital and its affiliates. The Funds may compete with Sequoia Affiliated Funds for investment opportunities, capital, professional services or otherwise. The Adviser will also, from time to time, cause the Funds to purchase securities of an issuer that is, or will become, a portfolio company of an affiliated fund or a Sequoia Affiliated Fund and, more generally, to co-invest or cross-invest in the same issuer with an affiliated fund or Sequoia Affiliated Fund.

In connection with these and other transactions, Sequoia Capital affiliates and Related Parties may receive transaction fees, break-up fees, directors' fees or other compensation from investments made by the Funds and/or Related Parties of the Funds and the Funds will not be entitled to any such compensation.

In addition, Sequoia Capital affiliates and Sequoia Affiliated Funds regularly obtain and possess non-public information regarding various companies, publicly traded securities and other investment opportunities. As SCHF, Sequoia Capital, and their affiliates do not currently maintain permanent information barriers among their businesses, they impute non-public information possessed by one fund or fund affiliate to all investment professionals, funds, and fund affiliates, including the personnel who make investments for the Funds. As a result, if a Sequoia Capital affiliate possesses non-public information with respect to a company or publicly traded security (or with respect to the actions or

anticipated actions of a Sequoia Capital affiliate in relation to such company or publicly traded security) or enters into a confidentiality and/or “standstill” agreement, including, but not limited to, when assessing investment opportunities and managing investments. The Adviser may encounter conflicting duties to the Funds, Sequoia Capital and the Sequoia Affiliated Funds and those companies and the Funds may be restricted in their ability to participate in transactions involving the applicable issuer (including the sale of existing investments in the applicable issuer). The inability to sell securities of such issuers in these circumstances could materially adversely affect the investment results of a Fund, including, but not limited to, a material loss with respect to an individual investment or differing results than those obtained by a Sequoia Affiliated Fund with respect to the same investment.

### *Conflicts with Respect to One Sequoia*

Certain members of the Adviser currently and will in the future participate in “One Sequoia.” One Sequoia is a multi-entity program generally designed to promote collaboration among managers of various funds within the Sequoia Capital family of entities through economic incentives, including, without limitation, the sharing of management fees/carried interest. The One Sequoia program benefits the Funds by incentivizing other fund managers within the Sequoia Capital family to share investment insights or opportunities with the Funds or to otherwise act for the Fund’s benefit, but there can be no assurance that the Fund will actually receive any such benefits. Correspondingly, the One Sequoia program will incentivize participating members of the Adviser to act for the benefit of other funds within the Sequoia Capital family, possibly to the detriment of the Funds (e.g., by sharing an otherwise limited investment opportunity). On balance, the Adviser believes that the One Sequoia program is likely to result in net benefit to the Funds, but there can be no assurance of such net benefit and it is possible that behaviors incentivized by the One Sequoia program will yield a net detriment to the Funds.

Notwithstanding the foregoing, Sequoia Capital is not a unitary enterprise, but rather is a collection of related individuals and entities partially bound together by overlapping interests, activities and branding. Investors should look only to the actual members of the Adviser for the management of the Funds. Other individuals and entities that are part of Sequoia Capital generally will have no authority to participate in the management of the Funds and no obligation to provide the Funds with any specific benefits. Moreover, such individuals and entities are legally prohibited from providing certain types of benefits to the Funds and often will have duties and interests that conflict with those of the Funds. Accordingly, while it is anticipated that the Funds will derive some degree of benefit from being part of the Sequoia Capital family of entities, investors are cautioned against relying on any specific benefits and should not assume that any such benefits as do arise will have a material impact upon the Funds’ performance.

### *Conflicts Associated with Co-Investing with Other Funds and Sequoia Affiliated Funds*

The portfolio companies of a Co-Invest Fund will, from time to time, be companies in which another Fund has an indirect pre-existing interest, and such Co-Invest Fund may co-invest in such portfolio companies with such Fund (and possibly, other Sequoia Affiliated Funds), creating a variety of inherent conflicts of interest for the Adviser and its affiliates. For information on resolving conflicts with Sequoia Affiliated Funds, see “*Conflicts with Respect to the Funds’ Relationship with Sequoia Capital*” and the other items discussed in this Item 11.

Because the Adviser serves as both the general partner of the Funds and the Co-Invest Funds, members of the Adviser will be subject to a variety of conflicts of interest arising from their indirect duties to, and pecuniary interests in, the Co-Invest Funds and other Funds. For example, members of the Adviser will have a financial incentive to support the interests of other Funds by causing a Co-

Invest Fund to invest in a portfolio company on terms less favorable to such Co-Invest Fund than such Co-Invest Fund might otherwise obtain or by causing such Co-Invest Fund to exercise its rights as a holder of securities of a portfolio company of such Co-Invest Fund in a manner that minimizes harm to the other Funds. In particular, members of the Adviser may be incentivized to cause a Co-Invest Fund to provide capital to a portfolio company of such Co-Invest Fund to maximize the likelihood that such portfolio company will survive, and thereby return all or a portion of the other Funds' investment, even though such Co-Invest Fund invests or manages its investment on unattractive terms. In any such case, the profitability of a Co-Invest Fund's investment will generally be substantially reduced. The Co-Invest Funds will generally seek to identify and disclose conflicts of interest to investors, to the extent such conflicts can be reasonably identified, in connection with the offering of interests in the Co-Invest Funds.

#### *Conflicts with Respect to Cross Transactions*

Cross trades occur when the Adviser or an investment advisory affiliate transfers securities from one client account to another in exchange for cash without the use of an unaffiliated broker-dealer to facilitate the transaction. The Adviser engages in cross trades with respect to the Funds to the extent permitted in the Funds' organizational documents or disclosed to the Funds' investors. Otherwise, the Adviser does not permit cross trades with respect to the Funds.

An agency cross transaction is a transaction in which an affiliate of the Adviser acts as agent for both the buyer and the seller in a securities transaction and receives a commission from both parties. The Adviser does not permit agency cross transactions with respect to the Funds.

#### *Conflicts with Respect to Principal Transactions*

A principal transaction is a transaction in which the Adviser or an affiliate purchases securities into or sells securities from its own account. A securities transaction with any account controlled by an Adviser affiliate would be considered a principal transaction. Principal trades directly between the Funds, on the one hand, and the Adviser and/or its affiliates (including other affiliated funds and Sequoia Capital), on the other hand, are, as a matter of the Adviser's policy, prohibited absent prior consent from the applicable Fund and will otherwise be conducted in compliance with applicable regulations.

#### *Conflicts with Respect to Investment Opportunities*

In connection with their investment activities, the Adviser and the managing members of the Adviser (the "Managing Members") will encounter situations in which they must determine how to allocate investment opportunities between the Funds and other persons.

In general, investments applicable to all Feeder Funds are allocated pro rata among the Feeder Funds. However, as different Feeder Funds are designed to accept different kinds of investors and to make different kinds of investments, in certain circumstances investments are not always allocated to all Feeder Funds. If an investment is not allocated to all Feeder Funds, the investment will be allocated pro rata among the Feeder Funds participating in the investment. In no event will the Adviser be obligated to ensure strictly parallel investment activities among all the Funds, nor will the Adviser be required to ensure that any particular Fund strictly complies with a particular investment approach in all cases. In particular, it is possible that a Fund will be excluded from one or more attractive investments.

Investments will only be made available to the Co-Invest Funds to the extent the Main Funds have satisfied their investment “appetite” with respect to such investment opportunities. To the extent the Main Funds desire the full amount of capacity offered in any given investment, the Co-Invest Funds will not be offered an opportunity to participate.

In addition, the Managing Members will comply with an “MM Personal Investment Policy” adopted by the Adviser with respect to the Master Funds and the Feeder Funds, subject to waiver by the Board of Directors. Under such Policy, the Managing Members will offer to the Master Funds and the Feeder Funds all investment opportunities of at least \$1 million that are consistent with the investment objectives of such Funds. However, each Managing Member will be permitted to make personal investments without limitation in: (i) certain passive investments; (ii) Sequoia Capital entities other than such Funds (including other Sequoia products); (iii) follow-on opportunities in issuers, other than issuers of publicly traded securities, of pre-existing personal investments; (iv) “Principals Funds” established to allow persons related to the Adviser to co-invest with such Funds; and (v) at the discretion of the Chief Compliance Officer, any security in respect of which such Managing Member cannot reasonably be expected to benefit from an investment in the issuer (or disposition thereof) by such Funds and in respect of which such Managing Member and such Funds cannot reasonably be deemed competitors for the opportunity to invest in such security (such as an investment in a large publicly traded company in respect of which such Managing Member would hold an interest that is not material relative to the total outstanding interests of such company).

Except to the limited extent specifically provided in the Partnership Agreements, investors should assume that the Funds will not have a “right” to participate in any investment opportunity made available to the Adviser or its members or affiliates, and that any such opportunity may be presented to other persons. Such other persons may include, without limitation, a subset of the Funds’ investors, other investment vehicles managed by members or affiliates of the Adviser, and third parties who are in a position to provide benefits to members or affiliates of the Adviser. The Funds’ right to participate in investment opportunities will be specifically limited and defined in the Partnership Agreements, and it is expected and intended that members and affiliates of the Adviser will exercise their rights to carry out investment and investment-related activities outside (and potentially in competition with) the Funds. This could include providing other persons with the opportunity to co-invest with the Funds on a deal-by-deal or continuing basis. Except as otherwise specifically provided in the Partnership Agreements, there is no assurance that the Funds will be offered any specific investment opportunities that come to the attention of the Adviser or that the Funds will be permitted to invest the full amount they desire to invest in any such opportunity that is made available. In many cases, the apportionment of investment opportunities among affiliates of the Adviser will be subject to the discretion of the Adviser and affiliates of the Adviser.

#### *Conflicts with Respect to Other Activities*

Under certain circumstances, members or affiliates of the Adviser make investments separate and apart from, or alongside with, the Funds. As set forth in the Partnership Agreements, the Adviser and its members are permitted to manage other investment funds and similar vehicles (including vehicles that co-invest with the Funds) during a Fund’s term, any of which may compete with the Funds for investment opportunities, management time and attention, or otherwise. Under certain circumstances, the Funds invest in companies in which members of the Adviser have a pre-existing interest or subsequently acquire an interest via different investment funds or other means. Among other considerations, when members of the Adviser hold interests in portfolio companies other than through the Funds, those interests may substantially differ from the Funds’ interests in such companies due to differences in liquidation preference, voting rights or other investment terms. This would result in such members having personal investment interests that directly conflict with the

interests of the Funds. Conflicts of interest are not limited to Adviser members who are investment professionals. They extend to all affiliated personnel, including finance, compliance and other back-office staff of the Adviser and its affiliates.

Provisions contained within the Partnership Agreements that authorize the Adviser or its members to engage in investment, management or other activities outside, or alongside with, the Funds, or to cause the Funds to make investments (or otherwise approve transactions) in respect of which members of the Adviser have conflicting interests, will override certain common law and statutory fiduciary duties that would apply in the absence of such provisions and (in particular) may place the Funds' investors in a materially less favorable position than if the Adviser and its members engaged in no activities other than managing the Funds or were otherwise subject to unmodified fiduciary duties to the Funds and the Funds' investors. The Partnership Agreements contain certain protections for the Funds' investors against conflicts of interest faced by the Adviser and its members, but those protections will be strictly limited to their terms and do not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for the Funds' investors to subject the behavior of the Adviser and its members to close scrutiny. In particular, the Partnership Agreements specify a variety of circumstances in which the Adviser and its members may subject themselves to conflicts of interest, or engage in actual transactions that conflict with the interests of the Funds, without providing specific notice thereof to the Funds or the Funds' investors.

Portfolio companies of the Funds may be in, or could come into, competition with other companies in which members of the Adviser have an interest via different investment funds or other means. In addition, portfolio companies of the Funds may acquire, or be acquired by, portfolio companies of other investment funds directly or indirectly associated with members of the Adviser.

Except to the limited extent specifically provided in the Partnership Agreements, neither the Adviser nor its members or affiliates will have any obligation to alter their own investment activities or the activities of any other investment fund to protect or promote the interests of the Funds.

#### *Conflicts with Respect to Affiliated Funds*

In addition to the existing Co-Invest Funds, the Adviser is permitted, in its sole and absolute discretion, to establish additional "Affiliated Funds" (including limited partnerships, other collective investment vehicles, and managed accounts) from time to time to accommodate investors with special tax, regulatory, legal, or other considerations.

Any Affiliated Fund would be designed to address the needs/goals of its target investors. Consequently, the Affiliated Funds may have somewhat different investment portfolios than the Funds and their governing agreements may have somewhat different terms than the Partnership Agreements. These factors will give rise to conflicts of interest among the Funds and the Affiliated Funds from time to time, including with respect to matters of allocation of investment opportunities and the timing, structure and management of certain investments. The Adviser will address these conflicts of interest in such manner as it determines to be fair and appropriate, in its sole and absolute discretion.

#### *Conflicts with Respect to Interests of the Investors*

The investors are expected to have widely differing interests on a variety of tax, regulatory, business, investment profile and other issues. This may, in turn, give rise to a number of risks that the investors individually will not act in a manner consistent with the best interests of the investors as a group or the best interests of the Funds themselves. For example, an investor may decline to provide its consent to a proposed action by a Fund or the Adviser due to goals or incentives that are unique to such investor and in conflict with the interests of the Fund or other investors. Furthermore, conflicts of

interest among the investors likely will make it impracticable for the Adviser to manage the affairs of the Funds in a manner that is viewed as optimal by all investors, including with regard to tax treatment, and the Adviser will be under no obligation to do so.

The Adviser is entitled, in its sole discretion, to enter into one or more side letters or other agreements with certain investors in the Funds that provide such investors with more favorable economic or non-economic terms than apply to other investors or result in participation in investments on a non-pro rata basis.

#### *Conflicts with Respect to Related Service Providers*

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties in the discretion of the Adviser or its affiliates. The Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, information technology, license software, depository, data processing, client relations, administration, custodial, accounting, legal and tax support and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will be borne by the Funds.

The Adviser generally may, in its discretion, contract with any related person of the Adviser to perform services for the Adviser in connection with its provision of services to the Funds. Responsibility for the day-to-day operations of the Funds has been delegated by the Adviser to an affiliated advisory company, SCHF Management. The Fund will retain or otherwise purchase services or purchase securities or assets from affiliates of Sequoia Capital. The Fund will from time to time also retain services of portfolio companies of any Sequoia Capital affiliates. When engaging an affiliated person to provide services to the Funds, such as engaging SCHF Management to be responsible for the day-to-day operations of the Funds, the Adviser may have an incentive to recommend the related person even if another person could be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser and its affiliates have in the past and may, from time to time hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

#### *Conflicts with Respect to Allocation of Expenses*

From time to time, the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser, on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses that are the obligation of one particular Fund and may be borne by such Fund or expenses may be allocated among multiple Funds and entities. In exercising its discretion to allocate fees and expenses, the Adviser will be faced with a variety of conflicts of interest. To the extent not addressed

in the Portfolio Agreements of a Fund, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

The Adviser causes one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This includes a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

#### Other Potential Conflicts

The Funds will be subject to various other potential conflicts of interest.

While the Partnership Agreements provide that members of the Adviser may receive directors’ fees or similar compensation from portfolio companies of the Funds, to date, it has generally not been the practice of the Adviser’s members to take director seats or accept compensation from portfolio companies. In certain cases, such fees will trigger a “management fee offset” under the Partnership Agreements.

Under the Partnership Agreements, certain transactions that involve conflicts of interest between the Adviser and the Funds are to be submitted to the Board of Directors for resolution. However, the Board of Directors does not necessarily represent the interests of all the Funds’ investors and the members of the Board of Directors are themselves be subject to various conflicts of interest (including as investors in, or managers of, other entities related to members of the Adviser). In general, the Funds’ investors are not entitled to control the selection of members of the Board of Directors or to review the actions or deliberations of the Board of Directors.

The Adviser has caused, and may in the future cause, the Funds to accept investments from persons that, directly or indirectly, serve as third party managers of Funds’ capital (e.g., in their capacity as managers of investment vehicles into which the Funds have made, or will make, an investment). Any such arrangement involves conflicts of interest. For example, the Adviser may be incentivized to cause the Funds to make an investment with a third-party manager to induce that manager or a related person to invest into the Funds.

While the Adviser expects to adopt and maintain policies and procedures designed to help mitigate such conflicts (such as periodic consultation with the Board of Directors), there can be no assurance that such policies and procedures will fully or appropriately address all types of conflicts that may arise. During the Funds’ terms, many different types of conflicts of interest may arise and neither this Brochure nor the Funds’ PPMs purport to identify all such conflicts.



## **Item 12. Brokerage Practices**

### **Brokerage Policy and Procedures**

To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

The Adviser strives to execute securities transactions for the Funds in such a manner that the Funds' net cost or proceeds in each transaction is the most favorable under the circumstances. The Adviser's best execution policy applies to all transactions in all instruments.

### **Selection of Brokers and Dealers**

As an adviser, the Adviser is obligated to seek to obtain best execution for the Funds. In selecting a broker that will effect portfolio transactions for the Funds on the most favorable execution terms reasonably available, the Adviser does not have the obligation to seek the lowest available commission cost and the Adviser may consider such factors as the broker's ability to effect the transactions, the broker's facilities, reliability and financial responsibility, securities pricing and transaction expenses, execution capability, confidentiality, capital commitment, order and processing responsiveness, the broker's effectiveness in providing market or industry information, arranging for access to issuer's management, investment vehicles or knowledgeable industry sources and the provision or payment of the costs of brokerage or research products or services. If the Adviser determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, the Funds may pay commissions to such broker in an amount greater than the amount another broker might charge (as further described below in "Research and Soft Dollar Benefits").

In selecting a counterparty and market through which to effect a trade, and in determining whether a transaction represents the best execution, the Adviser considers a range of quantitative and qualitative factors, including but not limited to the following: size and type of transaction; access to liquidity; execution efficiency; capital utilization; clearance and settlement capabilities; reasonableness of commission rate or spread; financial responsibility; characteristics of the market(s) in which the security may be traded; nature of post-trade settlement, custody and foreign exchange structures; and aggregation of trades.

### **Research and Other Soft Dollar Benefits**

The Adviser executes portfolio transactions with broker-dealers that, in connection with the execution of such transactions, provide brokerage or research services, consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended. Use of research services or other soft dollar benefits will not be restricted to the Fund that paid commissions to the brokers providing such services, but will be used to advise all of the Funds.

The Adviser has the authority to receive soft dollar benefits in the form of proprietary research or third-party research services. Proprietary research is generally part of a "bundle" of brokerage and research in which the research is not separately priced. In the case of third party research, the cost of products and services can be more transparent because payment is made by the broker to the preparer in "hard dollars."

The Adviser may receive soft dollar benefits in the form of superior or enhanced brokerage services (including clearance, settlement and custody services). The Adviser may also receive soft dollar

benefits in the form of brokerage services that are incidental to effecting securities transactions on behalf of client accounts, or required in connection with those transactions by applicable SEC or self-regulatory organization (“SRO”) rules, such as post trade services, communication services and trading software confirmation services and clearance and settlement products. To be eligible, the brokerage services must relate to the execution of securities transactions between the time the Adviser communicates with a broker dealer to transmit an order and the conclusion of the clearance and settlement process for the transaction, *i.e.*, when funds or securities are delivered or credited to the advised account or the account holder’s agent.

Any such brokerage or research service may be broadly useful and of value to the Adviser in rendering investment advice to all or a significant portion of the Funds, or may be relevant and useful for the management of one or only a few Funds’ accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the brokerage or research service was provided.

The Adviser believes that valuable brokerage and research services can be provided to the Funds by brokerage firms effecting transactions for the Funds. Accordingly, the Adviser does not intend to seek lower brokerage commissions to the extent that doing so might detract from the provision of such brokerage and research services. When the Adviser uses brokerage commissions to obtain research or other products or services, the Adviser receives a benefit because the Adviser does not have to produce or pay for such research, products or services. The Adviser could have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than in the Adviser’s client’s interest in receiving most favorable execution.

### Aggregation of Trades

From time to time, the Adviser will determine that aggregating and allocating trade orders for execution is advantageous in reducing transaction costs and avoiding inequities that can arise when placing orders for publicly traded securities independently. The Adviser will avoid favoring any interest over another. For example, multiple Funds may participate in an aggregated order at the average share price to avoid price inequities that would arise from entering the orders independently. All such Funds share in the execution costs of an aggregated order pro rata based on participation. All Funds included in an aggregated transaction generally participate based on some standard criteria, such as “pro rata” or “per capita.”

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser’s procedures for allocation of investment opportunities, as described in Item 11 above.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

SCHF generally oversees the Funds, though responsibility for the day-to-day operations of the Funds has been delegated by SCHF to SCHF Management. The portfolio investments of the Funds are primarily reviewed by a team of investment professionals, which currently includes Keith Johnson, co-founder and Chief Investment Officer, Irwin Gross, co-founder and Managing Director, and Kevin A. Kelly, Managing Director. Each Fund's asset allocations, performance and operations (including level of risk) of portfolio investments are actively monitored throughout the year. A formal review of portfolio investments for, among other things, continued consistence with the Funds' investment strategies as described in Item 4, is generally conducted annually.

### **Reporting**

Investors in the Funds typically receive, among other things, copies of audited financial statements of the Funds within 180 days of the fiscal year end of the Funds. SCHF Management and SCHF may from time to time, in their sole discretion, provide additional information relating to the Funds to one or more investors in the Funds as they deem appropriate.

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

For details regarding economic benefits provided to the Adviser, or members of the Adviser, by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

The Adviser has not entered into arrangements to compensate third parties that are not its supervised persons for investor referrals.

## **Item 15. Custody**

SCHF's general practice is not to have physical custody of client assets. However, the Adviser and its affiliates are deemed to have custody of funds and securities of the Funds because of the authority to obtain funds or securities of the Funds, for example, by deducting advisory fees from a Fund's account or otherwise withdrawing funds from a Fund's account. All the Funds' assets are generally held with one or more "qualified custodians" as required by Rule 206(4)-2 under the Advisers Act (the "Custody Rule") that are unaffiliated with the Adviser.

The Funds' qualified custodian is not required to send account statements directly to the Adviser's client under the Custody Rule.

## **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Partnership Agreements. Investment restrictions for the Funds, if any, are generally established in the Partnership Agreements and PPMs and individual investors in the Funds do not have the ability to impose limitations on the Adviser's investment authority. As explained in Item 4 above, each Fund's investment strategy is detailed in the Fund's PPMs and Partnership Agreements. Prospective investors are encouraged to review those documents in their entirety and to ensure that the proposed investment is consistent with their investment goals, liquidity requirements and tolerance for risk.

Investors must execute a subscription agreement and governing documents in connection with their investment in the Funds, each of which grants the Adviser a special power of attorney with respect to actions described in the Funds' governing documents.

#### **Item 17. Voting Client Securities**

The Funds' principal investments are interests in other privately-offered investment funds, and not publicly-traded securities or securities of other operating companies. The investment advisers to such underlying funds will generally vote any proxies received by such funds in their own discretion. As a result, the Adviser has found that it rarely has occasion to vote proxies on behalf of the Funds in connection with ownership of publicly traded securities.

Where the power to vote in person or by proxy has been delegated, directly or indirectly, to the Adviser, however, the Adviser has the fiduciary obligation to (a) vote in a manner that is in the best interests of the applicable Fund, and (b) properly deal with potential conflicts of interest arising from proxy proposals

The Adviser will vote proxies related to securities held by a Fund to the extent and in a manner that in its reasonable judgment is in the best interest of such Fund. To properly deal with potential conflicts of interest, the Adviser generally will consider only those factors that relate to a Fund's investment or that are dictated by a Fund's written instructions, including how its vote will economically impact (short-term and long-term) and otherwise affect the value of a Fund's investment (keeping in mind that, after conducting an appropriate cost-benefit analysis, not voting at all on a presented proposal may be in the best interest of the applicable Fund).

Where a Fund directly holds voting securities of an operating company and has the power to vote in person or by proxy, the Adviser generally expects to vote on a case-by-case basis in a manner it believes will maximize a Fund's value on its investment. There are many complexities to proxy voting, but, generally, proxy votes will be cast in favor of proposals that:

- maintain or strengthen the shared interests of shareholders and management;
- increase shareholder value;
- maintain or increase shareholder influence over the issuer's board of directors and management;
- maintain or enhance the independence of the board of directors; and
- maintain or increase the rights of shareholders.

Proxy votes generally will be cast against proposals having the opposite effect of those items listed above, particularly where the Adviser believes that a proposal will have a dilutive effect on the value of the underlying security. In voting proxies, the Adviser and its employees will vote (or not vote) in a prudent and timely fashion and only after evaluating the issue(s) presented on the ballot. The guidelines are not binding or exhaustive and do not include all potential voting issues. Because proxy issues and the circumstances of individual companies are so varied, there may be instances when the Adviser may not vote at all on a presented proposal or will not vote in strict adherence to these guidelines.

In exercising its voting discretion, the Adviser and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision.

A Fund generally cannot direct the Adviser's vote.

Copies of relevant proxy logs, identifying how proxies were voted in connection with the Funds and copies of proxy voting policies are available to any client or prospective client upon written request to the address listed on the cover page of this Brochure.

**Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

**Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.