

University Ventures Funds Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of University Ventures Funds Management, LLC (“University Ventures” or the “Company”). If you have any questions about the contents of this brochure, please contact us at (212) 202-3100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. University Ventures is an investment adviser that is registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

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

Material Changes

University Ventures’ previous annual update to Part 2A of Form ADV was made in March 2018. Since that time, the investment period for the Partnerships managed by University Ventures has closed, and the Company is limiting its activities to managing investments in the existing portfolio companies of the Partnerships, engaging in limited follow-on investments with such existing portfolio companies, and selling assets of the Partnerships. In addition, in January 2019 certain managers of University Ventures launched a new registered adviser, Achieve Partners Management, LLC, to manage new investments of new investment vehicles.

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Advisory Business

University Ventures was founded in 2011 and is wholly owned by its three managers, Daniel Pianko, Gregg Rosenthal and Ryan Craig (the “Managers”).

University Ventures manages Partnerships that primarily pursue growth-oriented investment opportunities in the global higher education market. The Company is limiting its activities to managing investments in the existing portfolio companies of the Partnerships, engaging in limited follow-on investments with such existing portfolio companies, and selling assets of the Partnerships. The Company believes that the higher education market continues to undergo rapid change due to four key market drivers:

1. Digital Disruption
 - a. Distance becomes irrelevant
 - b. The integration of technology can yield improved learning outcomes

- c. Universities are increasingly relying on the private sector to meet their technology needs
- 2. Skill Gap
 - a. Educational programs are not always informed by the labor market or employer needs
 - b. Economies face talent shortages in key economic areas
- 3. Globalization
 - a. Emerging markets are rapidly catching up to developed countries in higher education attainment
 - b. Western educational standards are becoming global
 - c. Emerging markets are experiencing strong demand for western credentials
- 4. Higher Education Transitions from a Public Good to a Private Good
 - a. Developed countries are reducing educational subsidies
 - b. Emerging markets are relying on the private sector to add capacity

University Ventures believes that the changes described above are increasingly being understood by the management and boards of directors of traditional colleges and universities. However, college and universities may have difficulty navigating a rapidly changing environment on their own, which University Ventures believes will contribute to 15-20% annual growth in aggregate demand for private sector companies serving the higher education sector.

University Ventures seeks to invest in companies that address key social and economic needs, such as affordability and return on investment in higher education. The Company's investments are often theme-driven around specific markets, programs and business models. University Ventures' management team partners with portfolio companies and educational institutions to support innovation in the educational marketplace.

University Ventures invests through privately offered pooled investment vehicles that use a private equity/venture capital financing structure. This brochure is not an offer to invest in the Company's funds. Any such offer would only be made through the provision of a fund's confidential offering materials. Information included in this brochure is intended to provide a useful summary about University Ventures, but it is qualified in its entirety by information included in the funds' confidential offering materials.

University Ventures makes investment decisions based on the objectives described in each fund's confidential offering memorandum. The Company's investment advice is based on the objectives of the funds and is not tailored to the needs or restrictions of individual investors.

From time to time University Ventures may be aware of an investment opportunity that is too large for its funds. The Company may discuss co-investment opportunities with investors in its funds, or with third parties. However, whether or not University Ventures is acting as an investment adviser when it makes a potential co-investor aware of an opportunity depends on the relevant facts and circumstances. Absent an explicit arrangement whereby University Ventures agrees to provide investment advice to a co-investor, the Company will not be presumed to be operating as an investment advisor with respect to co-investments. Given the investment period is

over for the Partnerships, except in connection with follow-on investments of portfolio companies of the Partnerships, University Ventures is not currently planning to form or manage any new investment vehicles or co-investment vehicles.

As of December 31, 2018, University Venture's regulatory assets under management were \$441,188,762. All of the Company's investments are managed on a discretionary basis.

Fees and Compensation

Management Fees and Incentive Allocations

University Ventures' fees are described in each fund's partnership agreement. Management fees generally are paid quarterly in advance directly by each limited partner in each fund. Incentive allocations are made at the time that a fund makes distributions to its investors and may be subject to hurdle rates and other provisions described in the confidential offering materials.

Other Fees and Expenses Borne by the Funds

University Ventures' funds will pay, and the investors in those funds will indirectly bear a number of other fees and expenses, including:

- out-of-pocket expenses incurred in connection with the making, holding, sale or proposed sale of any investment, including any expenses (including travel and entertainment) associated with proposed investments that are ultimately not made by such fund;
- routine expenses of such fund including legal, auditing, consulting and financing fees, insurance, and expenses associated with such fund's financial statements and tax returns, and other administrative expenses of such fund; and
- litigation-related and indemnification expenses.

Performance Based Fees and Side-by-Side Management

As described above, University Ventures or its affiliates may be eligible to receive incentive allocations depending on the returns generated by the funds. This compensation structure could give the Company an incentive to invest in a speculative or imprudent manner in an effort to earn outsized returns. Despite this potential conflict of interest, University Ventures will always seek to manage its funds in accordance with their stated investment objectives. University Ventures and its affiliates and principals have sought to further mitigate this risk by including clawback provisions in the incentive fee structure, disclosing information about investments to limited partners, and personally investing in the funds.

To the extent that one or more of University Ventures' funds experiences gains and one or more other funds experience losses, the Company could have an incentive to allocate a disproportionate amount of time and resources to the funds that are most likely to generate performance fees. University Ventures seeks to mitigate this risk by seeking capital commitments for a new fund only as it approaches the end of the investment period for an earlier fund.

Types of Clients

University Ventures provides advisory services to privately offered pooled investment vehicles that make private equity investments. The minimum capital commitment to invest in one of the funds advised by University Ventures is typically \$1 million, but the general partner for each fund reserves the right to reduce or waive this minimum.

Methods of Analysis, Investment Strategies and Risk of Loss

University Ventures focuses on venture and growth capital investments in for-profit operating companies primarily engaged in the delivery of higher education educational programs and services, principally in the U.S., but also globally.

The investment processes described below are intended to help the Company achieve attractive returns on invested capital, but all investing involves risks that clients and investors should be prepared to bear. University Ventures' research and analysis may vary depending on the opportunities and risks associated with each potential investment, but the steps described below summarize the Company's typical investment process.

1. *Identify Investable Thesis:* The investment team leverages its deep industry expertise and contacts to develop and analyze a thesis to focus on a core sector within the broader Higher Education industry. The investment team utilizes a proactive approach to either find acquisition targets or to build opportunities along its investable thesis.
2. *Initial Due Diligence & Management Presentation:* University Ventures' investment professionals perform initial due diligence to better understand the investment opportunity. This generally includes research on the industry, discussions with the target's management team, and discussions with advisors about the specific company.
3. *Deal Alert:* University Ventures' investment professionals prepare an Opportunity Evaluation Memo or Preliminary Investment Memo and present it to the Investment Committee. If approved by the Investment Committee at the initial or a subsequent Deal Alert meeting, then the opportunity proceeds into further diligence and discussions with the sponsors of the investments and their representatives.
4. *Non-Binding Letter of Intent (LOI) or First Round Bid:* The investment team may present the target investment sponsor with a non-binding LOI or term sheet for the transaction contingent upon certain criteria that have been shared with the investment team.
5. *Further Due Diligence with Management:* The investment team seeks more detailed information. Examples of information subject to review include the corporation's organization and legal entity documentation, board minutes and reports, operational records, owned and leased property agreements, intellectual property documentation, employee lists and employment agreements, and historical financials. The investment team may hire consultants and advisors to assist with the investigation and analysis.

6. *Investment Committee Memorandum:* With additional information gathered during Further Due Diligence, a more comprehensive Investment Committee Memorandum (ICM) is compiled to summarize the investment opportunity to the Investment Committee.
7. *Final Due Diligence and Process:* Provided that the ICM has been accepted by the Investment Committee, the investment team performs final and confirmatory due diligence in order to provide a final bid or offer for the investment.
8. *Update and Final Investment Committee Approval:* Upon approval of the LOI and based on additional findings in the Final Due Diligence, the investment team will update the Investment Committee on key deal issues and seek final approval to close the transaction and make the investment through a Final Investment Memorandum (FIM). The investment team recommends closing the investment at a specific valuation, which the Investment Committee will either reject or approve.
9. *Final Binding Commitment:* If it receives approval from the Investment Committee, the investment team will finalize the transaction commitment and proceed to closing.

In May 2015, University Ventures Fund II, L.P.'s Investment Committee allocated up to \$5M to a seed stage pool whereby small investments are made into potentially disruptive businesses focused on higher education. Each investment ranges between \$50k and approximately \$250k and is done in collaboration with third party investors. The approval process is expedited within the investment committee and follows the below process:

1. *Identify Investable Thesis:* The investment team leverages its deep industry expertise and contacts to analyze potential investment opportunities with a focus on a core sector within the broader Higher Education industry.
2. *Potential Investments Review:* Investment professionals write-up a memorandum on potential opportunities after meeting with management teams with information included but not limited to a company overview, operational model, regulatory restrictions, client contracts, industry competitiveness overview, opportunities and promises, investment merits, investment risks and leadership team. Memorandums are reviewed and discussed in weekly investment meetings with either a request for follow-up information made by the Investment Committee or approval of funding based on the information, structure and valuation presented.
3. *Follow-up:* In this stage, investment professionals perform additional due diligence on seed investments which may include testing products, conducting customer reviews and having further discussions with the management team.
4. *Funding:* Upon approval from the investment committee on the structure and satisfactory due diligence, a funding will be initiated and approved by one of the managers of the Company.

The sequential order in investment process may vary slightly on a deal-by-deal basis.

Despite University Ventures' best efforts to identify promising investment opportunities for its funds, an investment in the funds entails a high degree of risk. Risks associated with an investment in the funds are described in detail in the funds' confidential offering materials. These risks include, but are not limited to, the following:

- *No Assurance of Return* – There can be no assurance that the funds' investment objectives will be achieved or that there will be any return of capital.
- *Investments in Early Stage Companies* - University Ventures' investments are predominantly in early or growth stage higher education program and services companies. While these investments offer the potential for significant appreciation, they also involve a high degree of risk, generally provide no collateral to protect the amount invested and can result in substantial losses, including a total loss of investment. Many of the Fund's portfolio companies will have little operating history at the time of investment and will operate at a loss or with substantial variations in operating results from period to period.
- *Illiquid Investments* - Nearly all investments will be in private companies. The marketability and value of each such investment will depend upon many factors beyond the Company's control. Generally, the investments made by University Ventures will be illiquid and difficult to value.
- *Investments in B-Corporations* – University Ventures believes that when investing in education, student success drives long term economic returns. The Company may invest in B-Corporations (Benefit Companies) or other structures that may elevate the needs of students or other societal benefits and outcomes over investment returns.
- *Limited Ability to Transfer or Withdraw Interests* – An investment in one of University Ventures' funds is a long-term commitment. The governing agreements of each fund contain substantial restrictions on the transferability of the investor's interests. Withdrawal of interests in a fund generally will not be permitted. There is no public market for the interests in the funds, and it is not expected that a public market will develop.
- *Concentration of Investments* – University Ventures expects to moderate its investment risk by (i) limiting the amount invested by any fund in any one portfolio company, unless the fund obtains consent from the LP Advisory Committee, (ii) by spreading investments across different higher education subsector opportunities, growth stages and geographic areas, (iii) by staging investments in any given company over time and (iv) active oversight and management of portfolio companies in order to identify problems and develop solutions. Notwithstanding these efforts, a fund may suffer material adverse effects resulting from a number of factors beyond the fund's control including, but not limited to, a decline in value in one or more portfolio companies in which the fund has a substantial investment, difficulties experienced in the industry subsector opportunities focused on by the fund, and a general decrease in the demand for higher education investment opportunities and equity values at a time when the fund desires to liquidate its investments.

- *Non-U.S. Investments* – University Ventures may invest capital outside of the U.S. Non-U.S. securities involve certain risk factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social, and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic, or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; (v) multiple and possibly overlapping and conflicting tax laws, (v) less developed corporate laws regarding creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors and (vi) acts of terrorism and war, epidemics and natural disasters.

In addition to the foregoing, investing or acquiring portfolio companies outside the United States pose significant legal and business risks regarding such companies and their founders regarding lack of transparency, compliance with local laws and inability to effectively enforce judgments in such foreign jurisdictions. In addition, certain foreign jurisdictions may impose significant regulatory restrictions in order to operate as a university or college. Typically, each applicable regulatory agency oversees higher education institutions, establishes requirements for creation of higher education institutions and sets the official qualifications and standards governing higher education institution departments and degree programs. Additionally, these regulatory agencies may establish prerequisites that students must satisfy in order to apply. These policies are designed to ensure that the higher education institutions have the resources and capability to provide the student body with a quality education. Additionally, certain countries in which the fund may invest have in the past, and may in the future, experience political and social instability that could adversely affect the fund's investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic, and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. The fund generally does not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic or social instability, or other economic or political developments could adversely affect the assets of the fund held in a particular country.

- *Reliance on the Principals of the Fund Manager* – University Ventures is dependent on its Principals. The loss of any such individuals could have a material adverse effect on University Ventures' clients. Investors in University Ventures' funds will not be permitted to directly evaluate investment opportunities or relevant business, economic, financial or other information used by the fund in making investment decisions.
- *Highly Regulated Nature of Higher Education Subsector* – The operation of higher education institutions is subject to extensive regulatory requirements. Those requirements emanate from

state, federal and private sources. They include authorizations to grant educational credentials, accreditations or approvals of institutions and programs, and approvals to participate in student financial aid programs provided by states and the federal government. Portfolio companies will likely be subject to these regulatory requirements.

Disciplinary Information

University Ventures and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of the Company or its personnel.

Other Financial Industry Activities and Affiliations

University Ventures is affiliated with the private funds that it advises as listed below:

- University Ventures Fund I, L.P.
- University Ventures Fund II, L.P.
- University Ventures Fund I BECO-INVESTMENT, L.P.
- University Ventures Fund I PB & AFFILIATES, L.P.
- University Ventures Fund I UTIMCO-INVESTMENT, L.P.
- AP CO-INVESTMENT, L.P.
- USA Funds-UV Co-Investment Fund, L.P.
- Eden-USA Funds eIntern Parallel Fund, L.P.
- University Ventures Income Share Agreement Fund I, LP
- Zoma-UV Fund, L.P.

The general partners for the above listed private funds are University Ventures Funds Partners, LLC, University Ventures Funds Partners II, LLC, and UV Income Share Agreements Fund Partners I, LLC. University Ventures does not believe that these affiliations create a material conflict of interest with the private funds or with investors in those funds.

In addition to the above, University Ventures currently has one relying adviser, American Pathway Capital, LLC, which expects to ultimately transition to Achieve Partners Management, LLC ("Achieve Partners"). American Pathway serves as investment adviser to the American Pathway Fund, LP. University Ventures does not believe its affiliation with American Pathway creates a material conflict of interest for any of its other private funds or the investors in those funds.

In 2019, subsequent to the completion of the investment period of the Partnerships managed by University Ventures, two of University Ventures' Managers, Daniel Pianko and Ryan Craig, launched a new investment adviser, Achieve Partners. Achieve Partners began advising clients on March 25, 2019, and expects to increase its activity as University Ventures limits its activities, reduces its assets under management and makes distributions to the partners of the Partnerships. University Ventures does not anticipate any conflict between the ongoing management and operation of the Partnerships and the anticipated activities of Achieve.

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

University Ventures has adopted a written code of ethics that is applicable to all employees and their business activities within and outside of University Ventures. Among other things, the code requires University Ventures and its employees to act in the funds' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. University Ventures' restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of University Ventures' code of ethics is available upon request.

Brokerage Practices

As part of its fiduciary duty to clients, University Ventures has an obligation to seek the best price and execution of client transactions. SEC guidance regarding an adviser's best execution obligations relates primarily to managers that trade frequently in liquid securities. As a private equity manager, University Ventures' trading in liquid securities is limited, but the Company regularly incurs costs associated with the evaluation and execution of private transactions. In keeping with the spirit of the SEC's guidance regarding best execution, University Ventures reviews deal-related payments to vendors that exceed thresholds set by the Chief Compliance Officer. This review is conducted during and after the closing of each deal or after University Ventures decides not to pursue the opportunity further.

For each review, the employee who retained the vendor and at least one other investment professional certify that:

- The vendor's costs were not excessive, given industry norms and the scope and quality of the vendor's work; and
- Any known conflict of interest associated with the vendor in question has been disclosed to the Chief Compliance Officer.

On at least an annual basis University Ventures reviews a sample of deal related costs in excess of the relevant thresholds to ensure that the Company has completed the Best Execution review process described above.

University Ventures does not receive any soft dollar benefits, such as research, in connection with clients' transaction costs.

University Ventures does not consider the referral of clients or investors when selecting third party service providers that help with the implementation of investment decisions.

University Ventures typically has only one fund that is actively making investments at any given time, so the Company rarely has opportunities to invest simultaneously on behalf of multiple clients. Any shared investments, such as those that might be made at the end of one fund's investment period and the beginning of a new fund, would be made on the same terms.

Review of Accounts

Each of the funds' investments is assigned to one or more investment professionals who have an ongoing responsibility to monitor the asset for any material developments. Additionally, the Investment Committee meets quarterly to review the funds' holdings. As defined by the limited partnership agreements, there are three members (Ryan Craig, Daniel Pianko and Gregg Rosenthal) on the investment committee. The investment committee can add non-permanent members at its discretion.

University Ventures provides investors in its funds with information about the funds' performance and investments quarterly through a quarterly report and unaudited financials and during annual investor meetings. Information provided during the annual meetings may be provided during speeches and presentations, and/or in written reports. Investors also receive audited annual financial information and financial statements and K-1s on an annual basis. University Ventures and its affiliates may provide additional information to investors in oral or written formats at their discretion.

Client Referrals and Other Compensation

University Ventures' clients are its funds. The Company does not compensate any third parties for client referrals. However, University Ventures and its affiliates may enter into placement agent arrangements whereby third parties introduce investors to the Company or its funds. Placement agents may collect fees from the introduced investors that reduce the amounts of those investors' interests in the funds.

University Ventures and its affiliates may receive transaction fees, financial advisory fees, monitoring fees, break-up fees, and other fees with the funds and their portfolio companies. Any such fees offset the Company's management fees, as described in each fund's confidential offering materials.

Custody

In order to comply with SEC requirements and ensure that the funds' assets are appropriately protected, University Ventures and its affiliates have arranged for annual audits of the funds' assets. These audits are legally required to be distributed to all investors within 120 days of each fund's fiscal year-end. However, certain Funds' offering documents require that the audits of the pooled investment vehicles be distributed within 90 days of respective Fund's fiscal year end. University Ventures and its affiliates have also arranged for all of the funds' cash and any publicly traded securities to be held with qualified custodians.

Investment Discretion

University Ventures serves as the investment adviser with discretionary authority to implement investment decisions for each of the funds which it advises. University Ventures' investment decisions and advice with respect to each such fund are subject to investment advisory agreements between University Ventures and such fund, each such fund's limited partnership agreement, and any side letters that it executes with investors.

Voting Client Securities

University Ventures primarily invests in issuers that are not publicly traded, so the Company rarely has the opportunity to vote proxies on behalf of clients. If a voting opportunity does arise, University Ventures will vote with diligence, care, and loyalty.

For corporate actions that do not pose a conflict of interest, the investment professional with primary responsibility for overseeing the asset in question will determine how University Ventures should direct the funds to vote. In the presence of a conflict of interest, or the appearance of a conflict, University Ventures will either abstain from voting, or will ensure that it can unquestionably demonstrate that the vote was cast in the best interests of the fund in question. Investors cannot direct the way in which the Company will vote on behalf of the funds.

Current and prospective investors in the funds may request a copy of University Ventures' written policies and procedures governing the voting of corporate actions. Current investors may also request information about the way in which University Ventures voted in connection with assets held by their respective funds.

Financial Information

University Ventures has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage its funds.