

**ITEM 1- COVER PAGE**

**PART 2A OF FORM ADV  
FIRM BROCHURE FOR:**

**H. BARTON ASSET MANAGEMENT, LLC**



**March 31, 2022**

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This Brochure provides information about the qualifications and business practices of H. Barton Asset Management, LLC ("HBAM"). If you have any questions about the contents of this Brochure, please call us at 415-655-6351. 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.

HBAM is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about HBAM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGES**

There are no material changes to report since HBAM filed its most recent Form ADV Part 2A on March 21, 2021.

**ITEM 3 – TABLE OF CONTENTS**

ITEM 2 – MATERIAL CHANGES .....1

ITEM 3 – TABLE OF CONTENTS .....2

ITEM 4 – ADVISORY BUSINESS .....3

ITEM 5 – FEES AND COMPENSATION .....5

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....8

ITEM 7 – TYPES OF CLIENTS .....9

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS10

ITEM 9 – DISCIPLINARY INFORMATION .....16

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....17

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT  
TRANSACTIONS AND PERSONAL TRADING .....19

ITEM 12 – BROKERAGE PRACTICES .....22

ITEM 13 – REVIEW OF ACCOUNTS .....24

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....25

ITEM 15 – CUSTODY .....26

ITEM 16 – INVESTMENT DISCRETION .....27

ITEM 17 – VOTING CLIENT SECURITIES .....28

ITEM 18 – FINANCIAL INFORMATION .....29

## ITEM 4 – ADVISORY BUSINESS

**Item 4.A Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

H. Barton Asset Management, LLC (“**HBAM**”) was formed in 2010 and is primarily owned by Harris Barton (the “**Principal**”).

HBAM provides discretionary investment advisory services to a number of privately offered pooled investment funds, including the Funds of Funds and the Direct Funds (each defined below) (collectively the “**Funds**”). HBAM advises a number of funds of funds (the “**Fund of Funds**”) that invest in a select list of U.S. venture capital funds (“**Portfolio Funds**”) managed by third-party investment advisers (“**Portfolio Managers**”).

Additionally, HBAM has established certain Funds to invest directly in private companies typically alongside third-party venture capital fund managers (“**Direct Funds**”).

### **Advisory Structure**

The activities of each Fund are governed by an operating agreement, or similar document (each an “**Operating Agreement**”), that specifies the investment guidelines and investment restrictions applicable to each Fund.

HBAM serves as the managing member of each of the Funds (the “**Managing Member**”), although it may in the future organize separate entities to serve as managing members of future formed funds. As the Managing Member, HBAM provides investment management and advisory services and retains management authority over the business and affairs of the Funds.

**Item 4.B Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

HBAM offers investment advice solely with respect to the investments made by the Funds. Such services consist of investigating, identifying, and evaluating investment opportunities and making investments on behalf of the Funds, monitoring the performance of such investments, and disposing of such investments. As noted above, HBAM advises Funds of Funds that invest in select venture capital Portfolio Funds and Direct Funds that invest in portfolio companies generally, but not always, alongside select third-party venture capital fund managers.

**Item 4.C Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.**

HBAM generally has broad and flexible investment authority with respect to the Direct Funds. With respect to the Funds of Funds, HBAM may cause them to invest in the venture capital funds managed by Portfolio Managers on a pre-disclosed list. Each Fund's investment objective and strategy is set forth in the respective Fund's Operating Agreement or confidential private placement agreement ("**PPM**"). HBAM tailors its investment advice to each Fund in accordance with the Fund's investment objectives and strategy as set forth in such documents. Certain investment limitations are included in the Operating Agreements. All investors in the Funds ("**Investors**") are provided with an Operating Agreement and a PPM prior to making an investment. Investors are urged to carefully review those documents prior to making an investment.

HBAM has and may in the future enter into side letter agreements with certain Investors. Side letters are negotiated prior to investment and may establish rights that supplement, or alter the terms of, the applicable Operating Agreement. Pursuant to such side letters, certain Investors may have rights which are not available to other Investors for example, advisory committee representation.

**Item 4.D If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Not applicable. HBAM does not participate in wrap fee programs.

**Item 4.E If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2021, HBAM manages approximately \$1,208,413,995 of Fund assets on a discretionary basis. HBAM does not have any Funds whose assets are managed on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

**Item 5.A Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Any new Fund launched by HBAM may have materially different terms than those summarized below. The fees paid by the Funds are negotiable by Investors only prior to an investment in the Fund, at the discretion of the Managing Member.

With respect to the Funds of Funds, HBAM is generally compensated for its advisory services through asset-based management fees of 1% of the aggregate amount contributed by the Fund of Fund to the Portfolio Funds, subject to certain limitations as described in the applicable Operating Agreement. The management fee is typically paid quarterly in arrears.

For each Direct Fund, the management fee is generally 2% of the aggregate capital commitments of the Fund, payable quarterly in advance.

In addition, with respect to the Direct Funds, and as described in more detail in Item 6 below, the Managing Member generally receives a performance allocation (commonly referred to as “**Carried Interest**”) in each Direct Fund (pursuant to the terms in each Operating Agreement).

HBAM may, in its sole discretion waive or reduce the fees and expenses detailed in this Item 5.

**Item 5.B Describe whether you deduct fees from *clients*’ assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.**

HBAM deducts the management fees applicable to the appropriate Fund directly from the Fund’s assets. Performance based compensation described in Item 6 below is paid to the Managing Member upon the satisfaction of certain conditions as set forth in the applicable Operating Agreement. Funds do not have the ability to choose to be billed directly for fees incurred.

**Item 5.C Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.**

As set forth in the Operating Agreement, each Fund of Fund shall bear all costs and expenses associated with the formation, operation, dissolution, winding-up, or termination of the Fund of Fund, including: (i) all out-of-pocket expenses associated with the organization of the Managing Member or the Fund of Fund or the syndication of interests therein; (ii) legal, accounting, audit, custodial and other professional fees as well as consulting fees relating to services rendered to the Fund of Fund that could not reasonably have been rendered by the Managing Member or its members; (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions; (iv) transfer, capital and

other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of Fund of Fund assets; (v) insurance premiums, indemnifications, costs of litigation and other extraordinary expenses; (vi) costs of financial statements and other reports to members as well as costs of all governmental returns, reports and other filings; (vii) costs of meetings of the members and the advisory committee (including the reasonable travel and other out-of-pocket costs incurred by the Managing Member and the advisory committee members in attending such meetings); (viii) interest expenses; (ix) the management fee and all costs associated with the liquidating trust; (x) advertising and public notice costs; and (xi) any other expenses not listed in the preceding clauses (i) through (x) that are not normal operating expenses of the Managing Member. In addition each Portfolio Manager will charge “carried interest” (typically, between 20-25% of the Portfolio Funds net profit) and a management fee (typically, between 2-2.5% per year of the Portfolio Fund’s aggregate committed capital).

Direct Funds expenses are detailed in the respective Operating Agreement. In general, each Direct Fund’s costs and expenses include: (i) organization and syndication costs; (ii) legal, accounting, audit, custodial, consulting and other professional fees; (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions; (iv) transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of Direct Fund assets; and (v) costs of financial statements and other reports.

The above is just a general description. Expenses may vary from Fund to Fund and Investors are encouraged to refer to the applicable Operating Agreement.

We believe transparency is an important element of a strong relationship with our Investors. Although partnership expenses are disclosed in each Fund’s annual financial statements we have provided a summary of additional expenses below.

#### Allocation of Expenses

Expenses pertaining directly to a Fund will be charged to that Fund. If any expenses are associated with two or more Funds, such expenses will be allocated equitably among the applicable Funds by the Managing Member in its reasonable discretion.

*It is important that Investors refer to the relevant governing documents for a complete understanding of expenses and fees they may pay through an investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.*

**Item 5.D If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

As described in Item 5.B, management fees applicable to each Direct Fund are paid quarterly in advance to HBAM pursuant to the applicable Operating Agreement. In the event that the Term of a Direct Fund (as defined in such Direct Fund’s Operating Agreement) ends prior to the end of a quarter, the

management fee for such quarter shall be re-calculated and pro-rated on a daily basis, and any amount of management fee paid in excess with respect to such quarter shall be refunded to such Fund in the winding up process.

**Item 5.E** If you or any of your *Access Persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

Not applicable to HBAM.

**Item 5.E.1** Explain that this practice presents a conflict of interest and gives you or your *Access Persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.

Not applicable to HBAM.

**Item 5.E.2** Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.

Not applicable to HBAM.

**Item 5.E.3** If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.

Not applicable to HBAM.

**Item 5.E.4** If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

Not applicable to HBAM.



## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

If you or any of your *Access Persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *Access Persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *Access Persons* face by managing these accounts at the same time, including that you or your *Access Persons* have an incentive to favor accounts for which you or your *Access Persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5.B. above, with respect to the Direct Funds the Managing Member receives performance-based compensation, also referred to as Carried Interest. In general, each Direct Fund allocates a percentage of its net profits to the Managing Member.

The fact that the Managing Member receives Carried Interest from the Direct Funds and not the Funds of Funds does not create a conflict of interest due to the fact that the Funds of Funds pursue an entirely different investment strategy (a fund of funds strategy) than the Direct Funds do (a direct investment strategy). Therefore there is no potential for the Managing Member to direct certain investments to a Fund that pays a Carried Interest as the investments for the Direct Funds are not appropriate for the Funds of Funds.

The possibility that a Managing Member may receive Carried Interest creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based distributions.

HBAM mitigates the potential for conflicts of interest that may arise as a result of the Direct Funds' performance-based fees through disclosing this conflict to Investors and by adhering to its fiduciary duty.

## ITEM 7 – TYPES OF CLIENTS

**Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

HBAM provides investment advisory services to the Funds, described in Item 4, above. Investment advice is provided directly to the Funds and not individually to Investors. Interest in the Funds is offered pursuant to applicable exemptions from registration under the Securities Act of 1933 and the Investment Company Act of 1940. In general, Investors in the Funds are accredited investors (as defined in Regulation D under the Securities Act of 1933) and qualified clients (as defined in Rule 205-3 of the Investment Advisers Act of 1940). The minimum initial investment by Investors ranges between \$50,000 - \$5,000,000 and subject to waiver at the discretion of HBAM.

Any new Fund launched by HBAM may have different terms than those summarized above.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

**Item 8.A Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.**

The following summarizes the methods of analysis and investment strategies used by HBAM in formulating investment advice.

The Funds of Funds will focus on investments in venture capital funds that are of a certain size and have been in existence for a certain period of time. Each Fund of Funds has a pre-defined list of venture capital firms with which the Fund of Funds may invest. Many of the venture funds will be either closed to investors who are not historic limited partners of the venture capital firm or are otherwise over-subscribed. Several criteria that define the venture firms include a GP/LP structure, proven ability to develop proprietary deal flow, established investment process, the ability to lead financing transactions and institutional grade operations including reporting, tax and audit.

The Direct Funds will focus on investments in private equity, primarily venture capital, investing, primarily through acquiring, holding, and disposing of equity securities issued by private companies. The Direct Funds also will invest idle cash in high quality securities on a short-term basis and engage in other activities customary to private equity investment funds.

***There can be no assurance that HBAM will achieve its investment objectives or that the investment strategies employed by HBAM and the Funds will be successful. Investing in securities involves a risk of loss the Investor should be prepared to bear.***

**Item 8.B For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

An investment in each Fund of Funds involves a high degree of risk, and is suitable only for Investors of substantial means who have no immediate need for liquidity of the amount invested, and who can afford a risk of loss of all or a substantial part of such investment. Prospective purchasers should carefully consider the following risk factors.

1. *No Assurance of Profits, Cash Distributions, or Appreciation.* There is no assurance that the investments of the Fund of Funds will be profitable, or that any distribution will be made to the Investors. The expenses of the Fund of Funds may exceed income. Any return on investment to the non-managing members will depend upon successful investments made by the Portfolio Funds. Portfolio Funds will charge the Fund of Funds a significant carried interest and a significant management fee. The Fund of Funds' investment in any Portfolio Fund will be illiquid and difficult to value.

There is no assurance that portfolio company investments made by Portfolio Funds will be successful. In most cases, portfolio company investments by Portfolio Funds will be long term in nature and may require many years from the date of initial investment before disposition.

2. *Long-Term Investment.* An investment in the Fund of Funds is a long-term commitment, and there is no assurance of any distribution to the non-managing members prior to liquidation of the Fund of Fund.
3. *Competition.* The ability to invest in leading venture funds is extremely competitive, and the Fund of Funds will be competing with other established investors with substantial resources and experience.
4. *Reliance on Individuals.* The Fund of Funds will be particularly dependent on Harris Barton, the managing member of HBAM, to gain access to investing in Portfolio Funds. The success of the Portfolio Funds will in turn be particularly dependent on the individual fund managers of such Portfolio Funds. The loss of services of Mr. Barton or any of the fund managers of the Fund of Funds could have a materially adverse effect on the results of operations of the Fund of Funds.
5. *Changes in Environment.* The investment program of the Fund of Funds is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund of Funds operate may undergo substantial changes, some of which may be adverse to the Fund of Funds. Investors generally will have no right to withdraw from the Fund of Funds or to demand specific modifications to the operations of the Fund of Funds in consequence thereof.
6. *Recourse to Fund Assets.* The assets of the Fund of Funds, including any investments made by the Fund of Funds and any capital held by the Fund of Funds, are available to satisfy all liabilities and other obligations of such Fund of Funds. If the Fund of Funds become subject to a liability, parties seeking to have the liability satisfied may have recourse to its assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.
7. *Concentration of Investments.* The Portfolio Funds' portfolios may become concentrated in a limited number of companies in certain high technology industries, increasing the vulnerability of the Portfolio Funds. In certain cases, one or more of the Portfolio Funds may acquire majority or greater interests in portfolio companies, which could further increase the vulnerability of the Portfolio Funds.

An investment in each Direct Fund involves a high degree of risk, and is suitable only for Investors of substantial means who have no immediate need for liquidity of the amount invested, and who can afford a risk of loss of all or a substantial part of such investment. Prospective purchasers should carefully consider the following risk factors.

1. *Risk Inherent in Venture Capital Investments.* The types of investments that the Direct Fund anticipates making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant, and there can be no assurance that the Direct Fund will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain, and any successes may require a long maturation.
2. *Investment in Companies Dependent upon New Scientific Developments and Technologies.* The Direct Fund may focus a significant portion of their investing in technology companies. The value of the Direct Fund's interests may be susceptible to factors affecting the technology industry and to greater risk than an investment in a limited liability Direct Fund that invests in a broader range of securities.
3. *No Assurance of Returns.* There can be no assurance that the Investors will receive distributions from the Direct Fund in an amount equal to their investment in the Direct Fund. The timing of profit realization, if any, is highly uncertain.
4. *Reliance on the Managing Member.* The Managing Member will have sole discretion over the investment of the funds committed to the Direct Fund as well as the ultimate realization of any profits. The loss of the principal of the Managing Member could have a significant adverse impact on the business of the Direct Fund. No assurances can be given that the principal will continue to be affiliated with the Direct Funds throughout its term. There can be no assurance that the principal of the Managing Member will be able to duplicate prior levels of success.
5. *Competitive Marketplace.* Some of the Direct Fund's potential competitors may have more relevant experience, greater financial resources and more personnel than the Managing Member. There can be no assurances that the Managing Member will locate an adequate number of attractive investment opportunities. To the extent that the Direct Fund encounters competition for investments, returns to investors in the Direct Fund may vary.
6. *Availability of Attractive Investment Candidates.* The ultimate success of the Direct Funds will hinge on their ability to locate attractive investment candidates. There can be no assurances that attractive candidates will be found in sufficient quantity to allow all of the capital commitments to be drawn within the investment period.
7. *Minority Investments.* All or most of the Direct Fund's investments may represent minority stakes in privately held companies. In addition, during the process of exiting investments, the Direct Fund is likely to hold minority equity stakes if portfolio holdings are taken public. Such minority stakes that the Direct Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded to majority or controlling stakes. The Direct Fund will also invest in companies for which the Direct Fund has no right to appoint a director or otherwise exert significant influence. In such cases, the Direct Fund will be reliant on the existing management and board of directors of such companies, which may include representatives of

other financial investors with whom the Direct Fund is not affiliated and whose interests may conflict with the interests of the Direct Funds.

8. *No Assurance of Additional Capital for Investments.* No assurance can be made that additional financing will be available, if necessary, and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, the Direct Funds, either directly or through one of their portfolio companies, may elect to sell developed or undeveloped technology to existing companies. No assurance can be made that buyers for such technology can be located or that the terms of any such sales will be advantageous.
9. *Limitations on Ability to Exit Investments.* The Managing Member expects to exit from their investments in two principal ways: (i) private sales (including acquisitions of its portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these exits may not be open to the Direct Fund, or timing with respect to these exit mechanisms may be inopportune.
10. *Absence of Liquidity and Public Markets.* The Direct Fund's investments will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Direct Fund and no readily available liquidity mechanism at any particular time for any of the investments held by the Direct Fund. In addition, the realization of value from any investments will not be possible or known with any certainty until the Managing Member elects, in its sole discretion, to sell the Direct Fund's investments and subsequently distribute the proceeds to their investors or to distribute securities to investors in lieu of cash.
11. *No Market; Illiquidity of Interests.* An investment in the Direct Fund will be illiquid and involve a high degree of risk. There is no public market for the Interests, and it is not expected that a public market will develop. Consequently, its Investors will bear the economic risks of their investment for the term of the Direct Fund.
12. *Conflicts of Interest.* Instances may arise where the interest of the Managing Member (or its members) may potentially or actually conflict with the interests of the Direct Fund and its Investors. For example, the existence of the Managing Member's Carried Interest may create an incentive for the Managing Member to make more speculative investments on behalf of the Direct Fund than it would otherwise make in the absence of such performance-based arrangements. Further, conflicts of interest may arise as a result of the Direct Fund's Investors having investments in other investments both public and private.
13. *Outside Business Activities.* Non-managing members of the Managing Member may act as directors, officers, trustees, partners, members or other administrative officials of entities other than the Fund, and may receive compensation for services provided as an advisor with respect to, or participating in profits derived from, the investments of any such entity, and the Fund will not share in any such amount. In their capacity as partners, members, officers or directors of other entities, such individuals may become subject to fiduciary or other duties which adversely affect the Fund. Non-managing members of the Managing Member may serve as officers,

directors or advisors of the Venture Firms sponsoring the venture capital funds in which the Fund invests or of such funds' portfolio companies. In general, if there is a conflict between the fiduciary duties of a non-managing member of the Managing Member to an entity of which such person is an officer or director, and such person's fiduciary duties to the Fund or the Non-Managing Members, such person's fiduciary duties to the entity of which such person is an officer or director will prevail.

An investment in any of the Funds additionally involves the following general risks:

1. *Cybersecurity.* HBAM, Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Funds and their investors, despite the efforts of HBAM and Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to Funds and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of HBAM, Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of HBAM systems to disclose sensitive information in order to gain access to HBAM data or that of the Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, HBAM, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.
2. *Force Majeure or other Risks.* Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, failure of technology, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a Portfolio Manager or a service provider to a Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which Funds may invest specifically. Prolonged changes in climatic conditions may have significant impact on the revenues, expenses and conditions of certain Fund investments.

*Investors and prospective Investors are provided with offering documents that contains a detailed description of the material risks related to an investment in the Funds, and are advised to carefully review all risk factors set forth in the relevant offering documents.*

**Item 8.C If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

See Items 8.A and 8.B above.



## **ITEM 9 – DISCIPLINARY INFORMATION**

HBAM is required to disclose all material facts regarding any legal or disciplinary events that would be material to an Investor's evaluation of HBAM or the integrity of HBAM's management. HBAM has no legal or disciplinary information to disclose at this time.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

**Item 10.A** If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Not applicable to HBAM.

**Item 10.B** If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Not applicable to HBAM.

**Item 10.C** Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships

HBAM does not have any related persons listed in Item 10.C of the ADV Part 2A. Notwithstanding the prior sentence, HBAM is of the view that the following should be noted:

1. As noted in Item 4.A above, HBAM serves as the Managing Member of each of the Funds. HBAM provides investment management and/or investment supervisory services. Each Fund retains HBAM to provide investment management and advisory services. HBAM retains management authority over the business and affairs of the Funds.

As described in Item 6, HBAM is entitled to receive performance-based fees from the Direct Funds, which may in certain circumstances create a conflict of interest, as described in Item 6 above.

2. Certain of HBAM's management persons may hold investments for their personal accounts in one or more Portfolio Companies and may in the future make investments in companies that are or may become Portfolio Companies of one or more Direct Fund. Each such investment will be subject to the pre-clearance and trading policies and procedures described in HBAM's Code of Ethics, as described in detail in Item 11 below.
3. Certain of HBAM's management persons engage in outside activities that may, in certain instances, be in conflict with activities of the Funds. This potential conflict of interest is mitigated by the fact that the Principal must obtain approval from the applicable advisory committees before engaging in such outside activities.
4. The Funds of Funds have invested in Portfolio Funds where an HBAM related person may be a member or partner of a general partner of a Portfolio Fund. In connection with such service, the related person may receive compensation. Such investments by the Funds of Funds results in investment management fees paid to the management of such Portfolio Funds which are charged to the Funds of Funds. Any potential conflict of interest is mitigated by the fact that each Fund of Fund may invest only in a fund that is managed by a venture capital firm on a pre-disclosed list of Portfolio Managers. Any investment outside such list requires approval by such Fund of Funds' advisory committee. To the extent that any related person has an actual or potential conflict with respect to a particular matter, that related person will not participate in any investment decisions related to such matter.

**Item 10.D If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

As noted above, the Funds of Funds pursue a fund of fund strategy, and each Portfolio Fund is managed by a third party investment adviser. HBAM does not receive compensation from such investment advisers outside of the returns related to the Fund of Funds' investments in the Portfolio Funds managed by such Portfolio Managers.

HBAM and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any management fees payable to the Funds nor will otherwise be shared with Funds, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to HBAM and/or such personnel (and not the Funds, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, investors and/or portfolio companies.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

**Item 11.A** If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.

HBAM's Code of Ethics (the "**Code**") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "**Advisers Act**"). The Code applies to HBAM's "Access Persons." Access Persons include any member, officer or director of HBAM and employee of HBAM who, in relation to the Funds: (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings; or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. In addition, certain other individuals, such as temporary employees or consultants are deemed to be Access Persons by the Chief Compliance Officer ("**CCO**") on a case by case basis.

The Code sets forth a standard of business conduct that takes into account HBAM's status as a fiduciary to the Funds and requires Access Persons to place the interests of Funds above their own interests and the interests of HBAM. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of HBAM's CCO. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide HBAM's CCO with a list of their personal securities accounts and an initial holdings report listing the holdings of such personal accounts within 10 days of becoming an Access Person. In addition, HBAM's Access Persons must provide annual holdings reports and quarterly transaction reports detailing, respectively, the holdings and quarterly transactions in their personal accounts in accordance with Advisers Act Rule 204A-1.

The Code also describes HBAM's duty to protect material non-public information about securities/investment recommendations provided to (or made on behalf of) advisory clients. Underlying these policies and procedures are two primary principles. First, confidential information must be maintained in confidence. Second, Access Persons who possess material non-public information about a public company must not trade in the public securities affected by such information, must not disclose such information to anyone who does not have a legitimate need to know it and must immediately disclose such information to the CCO.

Investors or prospective Investors may obtain a copy of the Code by contacting HBAM.

**Item 11.B** If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

As explained in Item 10.C above, HBAM serves as the managing member of the Funds. HBAM also commits capital to the Funds, and as a result every investment made by a Fund involves a purchase of securities whereby HBAM acquires an indirect interest in such securities. HBAM's Principal and Access Persons may also maintain investments directly in certain of the Funds. The fact that HBAM's Principal, and Access Persons have financial interests in the Funds could create a potential conflict in that it could cause HBAM to make different investment decisions than if such parties did not have such financial ownership interests. However, HBAM believes that these financial interests align HBAM's incentives with Investors.

HBAM seeks to address the above conflicts through regular monitoring of the Funds' portfolios for consistency with objectives, strategies, and target capacity. Further, the Principal carefully considers the risks involved in any investments and HBAM provides extensive disclosure to Investors regarding the potential risks that come with an investment with HBAM. As stated in Item 11.A. the Code provides guidelines for identifying and addressing conflicts of interest and requires Access Persons to place the interests of the Funds over their own or those of HBAM, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

In addition, each of the Funds of Funds has an advisory committee comprised of certain Investors in the respective Fund. The advisory committees advise and counsel HBAM on issues relating to conflicts of interest, and HBAM will consult with the advisory committee of the Fund of Funds in question if a conflict of interest described in this Item 11 arises with respect to such Fund of Funds.

**Item 11.C If you or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

HBAM's Access Persons are permitted to make certain securities transactions in their personal accounts. Certain of HBAM's Access Persons hold investments for their personal accounts in one or more Portfolio Companies and may in the future make investments in companies that are or may become Portfolio Companies of one or more Direct Fund. HBAM's Access Persons are prohibited from holding investments in Portfolio Funds in their personal accounts. However, it should be noted that certain of HBAM's Access Persons may invest in a non-Portfolio Fund managed by a Portfolio Manager.

Investments by Access Persons in a portfolio company could create a conflict of interest in that it could give HBAM an incentive to cause a Fund to invest its capital in a portfolio company in which it would not otherwise invest, or to dispose of its investment in a portfolio company at a time or for a price which it would not otherwise recommend for the Direct Fund absent such Access Person's ownership of such securities. To mitigate this conflict, the Code requires that Access Persons receive permission from the CCO prior to buying or selling any interests in limited offerings or private companies (which would include Portfolio Companies) outside of their indirect interests through the Managing Member or the Funds. As such, investments by Access Persons in Portfolio Companies will not be made without approval of the CCO.

HBAM does not intend for the Funds to participate in “principal transactions” or “cross trades”.

HBAM enforces the foregoing policy and manages the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code, which contains pre-clearance and reporting guidelines for Access Persons. HBAM requires that an Access Person’s transactions in certain “reportable securities” (as defined in Section 202(a)(18) of the Advisers Act) be pre-cleared with the CCO. Further details are available in the Code which is available to Investors upon request.

In addition, HBAM receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The CCO reviews Access Persons’ personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

**Item 11.D If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please refer to responses to Items 11.A, 11.B, and 11.C.

## ITEM 12 – BROKERAGE PRACTICES

**Item 12.A.1** Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

1. **Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

HBAM causes the Funds to invest in private transactions that are not executed on an exchange and thus HBAM generally does not utilize brokers. Notwithstanding the above, in the future HBAM may utilize brokers and investment banks in connection with the sale of securities of Portfolio Companies. This is typically done on a limited basis to remove restrictions from the securities and to help liquidate the securities in the open market. Any such purchases or sales will be executed in accordance with best execution.

In the event that HBAM’s business were to evolve such that the Funds were to regularly execute transactions through a broker-dealer, then HBAM would adopt policies and procedures reflective of its duty to execute trades in publicly-traded securities in a manner designed to seek best price and execution. To the extent HBAM does utilize brokers in the future, HBAM need not solicit competitive bids and would not have an obligation to seek the lowest available commission or other transaction cost.

HBAM does not utilize “soft dollars.”

**Item 12.A.2 Brokerage for Fund Referrals.** If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients’* interest in receiving most favorable execution.
- b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

As a general matter, HBAM invests in private transactions that are not executed on an exchange and does not utilize brokers. Please see Item 12.A.1 above.

**Item 12.A.3 Directed Brokerage.**

- a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of

interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.

- b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

Not applicable to HBAM.

**Item 12.B Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.**

The Funds of Funds do not have overlapping investments. Upon determination to buy or sell the same security on behalf of more than one Direct Fund (based upon the investment mandates and available capital of such Direct Funds), HBAM will generally aggregate investments.

The private company and private securities which are the primary investments by the Direct Funds are generally purchased in private transactions, and thus a purchase or sale transaction by multiple Direct Funds will generally be consummated simultaneously. However, there could be circumstances in which the liquidity, fund terms or other considerations require the purchase or sale of the securities of a portfolio company at different times. In such cases, HBAM will seek to act in a fair and equitable manner with regard to all participating Direct Funds and to take into account the investment objectives and results of each Direct Fund. Notwithstanding the foregoing, the purchase or sale of securities by different Direct Funds at different times could result in increased transaction costs and different investment results for such Direct Funds and their Investors.

HBAM recognizes that, as a fiduciary, it has a duty to allocate investment opportunities among its advisory clients in a fair and equitable manner. Direct Funds may participate in the same investments. If HBAM determines that it would be appropriate for more than one Direct Fund to participate in an investment opportunity, HBAM will seek to allocate the investment opportunity to all of the participating Direct Funds on a fair and equitable basis.



## ITEM 13 – REVIEW OF ACCOUNTS

**Item 13.A** Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *Access Persons* who conduct the review.

Fund accounts are under periodic review by the Principal. Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, and investment objectives.

**Item 13.B** If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review

Not applicable to HBAM.

**Item 13.C** Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

Investors receive quarterly reports after the close of each of the first three calendar quarters, which include quarterly unaudited financial statements of the Fund, a summary of acquisitions and dispositions of the investments of the Funds and a list of investments then held. Annually, Investors will receive an annual financial report audited by a PCAOB- certified accounting firm, information regarding the relevant Fund necessary for the completion of each Investor's tax return and a list of investments then held by the relevant Fund.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

**Item 14.A** If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Not applicable to HBAM.

**Item 14.B** If you or a *related person* directly or indirectly compensates any *person* who is not your *Access Person* for *client* referrals, describe the arrangement and the compensation.

Not applicable to HBAM.

## ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Pursuant to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), HBAM is deemed to have custody of the assets held by the Fund because HBAM serves as the Managing Member of Funds.

To ensure compliance with the Custody Rule, HBAM will ensure that the Funds of Funds and Direct Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“**PCAOB**”) and that the audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to Investors within 180 days of the Funds of Funds’ fiscal year and 120 days of the Direct Funds’ fiscal year. Investors should carefully review the audited financial statements upon receipt, and should compare these statements to any account information provided by HBAM.

As HBAM’s investment program primarily involves investments in privately offered securities issued by venture capital stage operating companies or in private fund securities, HBAM generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” HBAM anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer’s outstanding securities.

To the extent that HBAM holds any publicly traded securities or securities which are otherwise ineligible for an exemption from qualified custodian requirement of the Custody Rule, HBAM will maintain such securities with a qualified custodian in an account in the name of the Fund or in accounts that contain only funds and securities owned by the Funds, under HBAM’s name as agent or trustee for the Funds.

## **ITEM 16 – INVESTMENT DISCRETION**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

HBAM has discretionary authority to manage securities accounts on behalf of the Funds. As explained in Item 4.C above, each Fund's investment strategy is set forth in detail the applicable Operating Agreement or PPM. Investors do not typically have the ability to impose limitations on HBAM's discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool.

## ITEM 17 – VOTING CLIENT SECURITIES

**Item 17.A** If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

It should be noted that given HBAM's business is focused on investing in private companies and private funds, it is anticipated that it will be extremely rare that HBAM will receive proxies with respect to securities held on behalf of Funds.

However, HBAM has adopted proxy voting policies and procedures that are designed to ensure that if HBAM votes a proxy with respect to securities held on behalf of Funds, such proxies are voted in the Funds' best interests, in the judgment of HBAM to the extent reasonably practicable. The procedures also require that HBAM identify and address conflicts of interest. If a material conflict of interest is identified, HBAM will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of its Funds or whether taking some other action may be more appropriate.

If a proxy voting proposal is received by a Fund it will be thoroughly reviewed in order to ensure that each such vote is voted in the best interests of the Fund holding the applicable securities.

If a material conflict is identified, HBAM will determine what course of action is in the best interests of the affected Investors (which may include utilizing an independent third party to vote such proxies). Further, HBAM will determine whether it is appropriate to disclose the conflict to affected Investors and give such Investors the opportunity to vote the proxies in question themselves.

The CCO or her designee will deliver proxies in accordance with instructions related to such proxy. HBAM will keep a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and HBAM's response for the previous five years.

Investors generally do not have the ability to direct proxy votes. Investors may obtain additional information regarding how HBAM voted proxies and may obtain a copy of HBAM's proxy voting policies and procedures by contacting the CCO.

**Item 17.B** If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.

Not applicable to HBAM.

## ITEM 18 – FINANCIAL INFORMATION

**Item 18.A** If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.
2. Show parenthetically the market or fair value of securities included at cost.
3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

HBAM and its affiliates do not require or solicit prepayment of advisory fees six months in advance.

**Item 18.B** If you have *discretionary authority or custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

HBAM is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Fund s or Investors.

**Item 18.C** If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

HBAM has not been the subject of any such bankruptcy petition.