

## 1. Cover Page



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This brochure provides information about the qualifications and business practices of Sweater Industries, LLC. If you have any questions about the contents of this brochure, please contact us at 1-888-577-7987 or [info@sweaterventures.com](mailto:info@sweaterventures.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## **2. Material Changes**

We encourage you to read this brochure in its entirety as it provides important information about Sweater Industries, LLC. As of this update, there are no material changes to report.

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## **4. Advisory Business**

Sweater Industries LLC (“Sweater”) specializes in investing in high-growth companies shaping the future of consumer and professional products, with the aim to invest in real-world applications that impact people's everyday lives. The firm's investment approach includes co-investment with partner venture capital funds, leveraging an extensive deal scout network, direct investment into other venture capital funds, and acquisition of shares in secondary markets.

Sweater's primary advisory service involves managing investments for a Registered Investment Company. However, it may also extend its portfolio management services to include Special Purpose Vehicles (SPVs) or private funds, structured as 3(c)(1) or 3(c)(7) funds, in the future. SPVs are innovative financial instruments that allow a group of investors to pool resources for a single investment in a company. This approach broadens access to venture capital investment opportunities that may otherwise be inaccessible to many investors.

The firm tailors each client's investment strategy according to their specific needs, and as the discretionary manager, Sweater makes investment decisions on behalf of the funds while adhering to the guidelines and restrictions set by the funds' legal documents and investment strategy. The funds may inherently restrict investment in certain securities or types of securities.

Sweater provides advisory services across various stages of a company's growth cycle, from pre-seed to seed, Series A, and Series B, and also explores secondary investment opportunities with companies in the growth stages, usually Series C or later.

Sweater does not participate in wrap fee programs and does not offer portfolio management services under such schemes.

As of December 31, 2023, Sweater managed \$13,840,112 in discretionary assets under management, with no non-discretionary assets. These assets under management are subject to fluctuation due to market conditions, capital contributions, withdrawals, and other relevant factors.

Sweater's unique approach, combined with its diligent vetting process and active participation in the stages of portfolio companies' growth, sets it apart as a dynamic player in the venture capital and investment advisory landscape. Whether you're an investor looking for venture capital exposure or a founder seeking capital, Sweater presents a collaborative and insightful platform to meet your objectives.

## **5. Fees and Compensation**

### **Sweater Cashmere Fund**

Pursuant to the Advisory Agreement, and in consideration of the advisory services provided by the Adviser to the Cashmere Fund, the Adviser is entitled to a Management Fee, which is calculated and payable monthly in arrears at the annual rate of 2% of the average daily calculated net asset value ("NAV") of the Cashmere Fund. The Management Fee is based on the Fund's total

assets minus its liabilities. Additional information regarding the Cashmere Fund expenses and fee structure can be found in the Sweater Cashmere Fund prospectus in the "Fund Expenses" section.

### Pooled Investment Vehicles

Sweater's fees for providing management and advisory services to pooled investment vehicles, which may include performance-based fees, are described in the offering documents for such vehicles.

Pooled investment vehicles, Sub-Advised Funds, and Other Registered Investment Companies (such as mutual funds and unit investment trusts) accrue asset-based management, advisory, or sub-advisory fees daily and pay such fees to Sweater monthly, quarterly, or periodically in arrears, as described in the prospectus, offering document, or other disclosure document for the respective vehicle, fund, or investment company. Private Funds also accrue asset-based management fees either monthly or quarterly, depending on the Private Fund. Sweater has the ability to deduct these fees either monthly or quarterly in arrears, as further described in the offering documents. Once the Private Fund starts accepting outside investors, the aforementioned fees will be passed onto outside investors, but will continue to be waived for Sweater employees. Please see Item 6 Performance-Based Fees and Side-by-Side Management for additional information about performance-based fees.

In certain instances, Sweater may waive, reduce, or calculate differently all or any portion of the management fees otherwise due with respect to any investment at its sole discretion. Clients have the option to pay fees directly to Sweater or instruct their custodian to pay fees from the client's account. If a client authorizes direct billing, the client's "qualified custodian" sends periodic statements, no less frequently than quarterly, showing all transactions in accordance with the Custody Rule under the Investment Advisers Act of 1940, as amended. Clients can also request that billings be made directly to the client or a designated third party if authorized in writing. If fees are inadvertently received by Sweater, they will be handled in compliance with the Custody Rule and its guidance.

### Other Fees and Third-Party Fees

In addition to the advisory fees paid to Sweater, clients bear other expenses associated with their investments, including those owed to third parties. Clients pay brokerage commissions and any other transaction costs associated with the trading, maintenance, and operations of their accounts. Separately managed account clients generally engage their own custodians and are responsible for fees and other charges associated with their custodians. Clients also have the option to engage their own administrator, securities lending agent, and consultants and are responsible for fees and other charges associated with the services provided by such entities.

If Sweater invests a client's assets in a mutual fund, exchange-traded fund, or other collective unitized vehicle, the client may incur expenses and fees as a shareholder of those funds. These expenses include advisory/management fees, service and/or distribution fees, administrative expenses, and other fund operating expenses. Clients can obtain more information about the fees

and expenses applicable to mutual funds, exchange-traded funds, or collective unitized vehicles by contacting Sweater or reviewing the relevant prospectuses.

The Private Funds, as well as any investors therein, will bear all expenses and obligations related to their operations. Sweater may choose to absorb any such expenses incurred on behalf of the Private Funds.

Please note that the specific fee details and structures for each investment product and service will be provided in the relevant offering documents, prospectuses, or other disclosure materials.

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

Sweater does not accept performance-based fees. We do not charge fees based on a share of capital gains or capital appreciation of client assets. All fees charged by Sweater are based on a specified annual percentage rate of the client's assets under management or other agreed-upon fee structure.

Furthermore, Sweater does not manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee. We maintain a consistent fee structure across all client accounts, ensuring fair and equitable treatment for our clients.

By not accepting performance-based fees and maintaining a uniform fee structure, we mitigate conflicts of interest that may arise from managing different fee-based accounts simultaneously. We prioritize the best interests of all our clients and do not favor any specific account based on the fee structure. Our commitment is to provide objective and unbiased investment management services to all clients, regardless of the fee arrangement.

## **7. Types of Clients**

At Sweater, our investment advisory services primarily cater to a diverse range of clients, including registered investment companies and private funds structured as Special Purpose Vehicles (SPVs). These investment vehicles, organized as Delaware limited partnerships or Delaware limited liability companies, serve as vehicles for pooled investments in multiple portfolio companies or for a single investment through a SPV.

Our clients encompass various entities such as individuals, trusts, investment advisers, pension and profit-sharing plans, charitable organizations, and business entities.

While the specific requirements for opening or maintaining an account may vary based on factors such as the type of client, investment strategy, and regulatory considerations, we aim to accommodate a diverse range of client needs. Minimum account size is one criterion that may be applicable in certain instances.

If you have any additional inquiries concerning the types of clients we serve or our account opening requirements, please do not hesitate to contact us. We are dedicated to providing clarity and assisting you in making informed investment decisions.

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

Sweater specializes in managing investments in high-growth companies, focusing primarily on the equity securities of start-up and early growth stage companies, referred to as "Portfolio Companies", and to a lesser extent, interests in professionally managed private venture capital funds, termed as "Portfolio Funds". These private investments are typically acquired directly from the issuer, including through co-investing with other venture capital funds and other investors, and from third-party holders of these interests in secondary transactions.

The long-term goal of Sweater is to make direct investments in select Portfolio Companies by investing in a privately negotiated stake in the equity of these companies. Sweater also seeks to invest across various geographic regions and industries, targeting early-stage and other high-growth potential companies. The allocation of the Fund's assets will largely depend on the maturity and depth of the venture-backed market in the relevant strategy or region.

In the future, Sweater may extend its portfolio management services to include Special Purpose Vehicles (SPVs) or private funds, structured as 3(c)(1) or 3(c)(7) funds. SPVs allow a group of investors to pool resources for a single concentrated investment in a Portfolio Company. This approach broadens access to venture capital investment opportunities that might otherwise be inaccessible to many investors.

The Fund primarily invests in equity securities of start-up and early growth stage companies and private venture capital funds. It also holds a portion of its assets in cash or cash equivalents, liquid fixed-income securities and other credit instruments, publicly-traded equity securities, and exchange-traded funds. These types of securities come with their unique risks.

### Risks

Investing in the Funds involves risks, including the risk that an investor may receive little or no return on his, her or its investment, or that an investor may lose part or all of such investment. Therefore, potential investors should consider carefully the following principal risks before investing in the Funds. The risks described below are not, and are not intended to be, a complete enumeration or explanation of the risks involved in an investment in the Funds and the Shares. Prospective investors should read this entire prospectus and consult with their own advisers before deciding whether to invest in the Funds.

### Risk Related to our Business and Structure

**Limited Operating History. Limited Operating History:** The adviser has a limited operating history. As a registered investment adviser, the adviser does not have a significant track record of past performance or historical data that potential investors can evaluate. Investing with the adviser carries inherent risks and uncertainties associated with a limited operating history, including the possibility that the adviser may not achieve its investment objectives. Investors should be aware that the value of their investments could decline substantially, as the adviser's performance has not been established over an extended period of time.

**Non-Diversified Status:** The Funds are non-diversified funds. As defined in the Investment Company Act, non-diversified funds may have a significant portion of their investments concentrated in a smaller number of issuers compared to diversified funds. The Funds' higher percentage of assets allocated to a smaller number of issuers makes them more vulnerable to the risk that a single event or occurrence can have a significant adverse impact on their performance.

**Offering Risks:** To the extent that less than the maximum amount of Shares are subscribed for, the opportunity for allocating the Funds' investments among various issuers and industries may decrease. This reduction in allocation can result in lower returns on investments due to the allocation of all the Funds' expenses over a smaller capital base. Consequently, the Funds may be unable to achieve their investment objectives, and investors could potentially experience a partial or total loss of their investment value in the Shares. Additionally, if fewer Shares are sold, shareholders are anticipated to bear a larger proportionate share of the Fund's expenses, as many of these expenses are fixed.

**Use of Proceeds:** The Adviser has significant flexibility in utilizing the proceeds from the continuous offering of the Funds' Shares. There is a possibility that the net proceeds may be used in ways that diverge from your expectations or for purposes other than those initially intended during this offering. There is no guarantee that the Adviser will be able to effectively deploy the proceeds within the contemplated timeframe. Furthermore, the proceeds will be used to cover the Funds' organizational, offering, and operating expenses, which are substantial. These expenses will have a negative impact on the Funds' returns. It should be noted that the success of this offering or any future offering cannot be guaranteed.

**Competition Risks:** The Funds will face competition from other investment companies, investment funds (including private venture capital funds), and institutional investors in pursuing private investments. Many of these competitors are significantly larger and possess greater financial, technical, and marketing resources compared to the Funds. Some competitors may have access to funding sources or lower cost of capital that are unavailable to the Funds. Additionally, competitors may have different risk assessments or higher risk tolerances, allowing them to consider a wider range of investment opportunities or employ different structures for private investments. The Funds may lose potential investment opportunities if they are unable to match competitors' pricing, terms, and structures. Moreover, several competitors operate as unregistered investment companies, exempt from the regulatory restrictions imposed by the Investment Company Act on the Funds. As a result of this competition, the Funds may encounter challenges in pursuing attractive private investment opportunities from time to time.

**Valuation Risks:** The Funds are subject to valuation risks, which apply not only to the Funds but also to other funds managed by the adviser, including private funds and SPVs. Valuation risk refers to the possibility that one or more securities in which the Funds invest may be valued and recorded on the Funds' books at prices that cannot be obtained upon sale due to factors such as incomplete data, market instability, or human error. The adviser may choose to use an independent pricing service or prices provided by dealers to determine the market value of securities. However, certain investments may be challenging to value due to limited secondary market liquidity. In such cases, the adviser may employ various methodologies, such as



computer-based analytical modeling or individual security evaluations, to estimate market values. These methodologies generate approximations, and there may be significant professional disagreement about the most suitable methodology for a particular financial instrument or different methodologies under different circumstances. Relying on these methodologies is crucial in the absence of actual market transactions, but it may introduce significant variations in the ultimate valuation of the Funds' investments.

When market quotations are not readily available, deemed inaccurate or unreliable, the Funds value their investments at fair value, as determined in good faith according to approved policies and procedures. Fair value is defined as the amount for which assets could be sold in an orderly disposition over a reasonable period, considering the nature of the asset. Determining fair value often involves subjective and imprecise judgments about the value of a security or other asset. Consequently, there is no guarantee that fair value-priced assets will not result in future adjustments to security prices or other asset values. The fair value determined for a security or other asset may differ materially from quoted or published prices, prices used by others for the same security or asset, or the realized value upon sale. For example, the Funds' NAV could be adversely affected if the fair value determinations for their investments are significantly higher than the realized values upon disposal. Valuation may require more research and rely on greater judgment for less liquid investments compared to more actively traded securities due to limited reliable objective data.

A substantial portion of the Funds' assets is expected to consist of securities of private companies for which readily available market quotations do not exist. Information about such companies, their securities, and their financial conditions is often limited, outdated, and difficult to confirm. The Funds value these securities at fair value based on approved policies and procedures, considering all appropriate factors and indicators of value available. Determining fair value requires evaluating available information to reasonably estimate the price the Funds might expect upon selling the security. Information provided by the issuer of the securities often constitutes the most relevant information. However, the nature, timeliness, amount, and reliability of such information may present challenges and uncertainty in fair valuations.

The value at which the Funds' investments can be liquidated may differ significantly from the valuations assigned by the Funds. Additionally, the timing of liquidations can impact the realized values. Securities held by the Funds may have significant bid-offer spreads, and certain privately placed securities may lack a public market. There is no guarantee that the Funds will be able to realize investments at their valuations. Moreover, the Funds' compliance with asset diversification tests under the Code depends on fair market values, and any challenge to the valuations could affect compliance or result in penalty taxes.

The NAV of the Funds plays a critical role in several operational aspects, including the computation of advisory and service fees, determination of offering and repurchase prices, and allocation of shares to investors. Variations in the valuation of the Funds' investments will impact the fees and expenses borne by shareholders, the repurchase price.

**Cyber Security Risks:** With the increased use of technologies, such as the Internet, in conducting business, the Funds are exposed to operational, information security, and related risks. Cyber incidents can arise from deliberate attacks or unintentional events. These incidents

may involve unauthorized access to digital systems (e.g., through hacking or malicious software) to misappropriate assets or sensitive information, corrupt data, or disrupt operations. Cyber-attacks can also occur without gaining unauthorized access, such as through denial-of-service attacks aimed at making network services unavailable to users. Cyber security failures or breaches by the adviser, other service providers (including fund accountants, custodians, transfer agents, and administrators), and issuers of securities in which the Funds invest can cause disruptions and impact business operations. This can result in financial losses, hinder the calculation of the Funds' NAV, impede trading, prevent shareholders from transacting business, lead to privacy law violations, regulatory fines or penalties, reputational damage, reimbursement or compensation costs, and additional compliance expenses. Preventing future cyber incidents may require significant costs. While the Funds have established business continuity plans and risk management systems to mitigate such cyber-attacks, there are inherent limitations in these plans and systems, including the possibility of unidentified risks. Moreover, the Funds have no control over the cyber security plans and systems implemented by service providers and issuers. Consequently, the Funds and their shareholders could experience adverse impacts from cyber security incidents.

**Venture Capital Investing Risks:** Venture capital investments offer the potential for significant gains but are accompanied by a high degree of business and financial risk, which can lead to substantial losses. Portfolio Companies in venture capital investments typically have limited or no publicly available information regarding their status and prospects. They are not subject to SEC reporting requirements, may not adhere to U.S. GAAP accounting standards, and often lack effective internal controls over financial reporting. Consequently, the Adviser may not have timely or accurate information about the business, financial condition, and operational performance of the Portfolio Companies in which the Funds invest. The Adviser may have to rely on non-public sources of information or third-party-provided data that may be difficult to verify when making investment decisions.

Portfolio Companies may have limited financial resources, making it challenging for them to meet their obligations with existing working capital. This situation may result in equity financings at discounted valuations, which could substantially dilute the Funds' holdings if they choose not to or are unable to participate. Alternatively, it may lead to bankruptcy, liquidation, and a reduction or loss of the Funds' investment. Portfolio Companies often heavily depend on the talents and efforts of a small group of individuals. The death, disability, resignation, or termination of one or more key personnel can have a material adverse impact on a Portfolio Company, thereby affecting the Funds. Additionally, at the time of the Fund's investment, a Portfolio Company may lack key attributes necessary for success, such as proven technology, marketable products, a complete management team, or strategic alliances. Investments in venture capital typically have a long-term nature and may require several years from the initial investment date before any disposition occurs.

The marketability and value of each Portfolio Company investment are influenced by factors beyond the control of the Adviser. These factors include substantial variations in operating results, intense competition, and potential failures or significant declines in value at any stage. The public market for startup and emerging growth companies is highly volatile, which can negatively impact the development of Portfolio Companies, the Funds' ability to dispose of

investments, and the value of investment securities at the time of sale or distribution. The market's reception to initial public offerings by the Funds' Portfolio Companies can vary greatly over time. Even if a Portfolio Company successfully goes public, contractual lock-ups, securities law restrictions, or other limitations may prevent the Funds from disposing of the securities for a significant period. The interest of potential acquirers in the Funds' Portfolio Companies may also fluctuate, and even if a Portfolio Company is acquired through a merger or consolidation, the Fund's interests in the surviving entity may not be easily marketable. There is no guarantee that any Portfolio Company investment will result in a liquidity event through a public offering, merger, acquisition, or other means. Generally, the investments made by the Funds will be illiquid and difficult to value, with little or no collateral to protect the investments.

Following an initial investment in a Portfolio Company, the Fund may consider providing additional funds or increasing its investment in the company. However, there is no assurance that the Fund will have the opportunity or resources to make follow-on investments. The decision not to make follow-on investments or the inability to do so can have a significant negative impact on a Portfolio Company in need of additional capital or result in missed opportunities for the Fund to increase its participation in a successful operation.

These same risks also apply to the venture capital Portfolio Funds in which the Funds may invest.

**Co-Investment Risk:** The Fund may participate in co-investment opportunities alongside third-party investors, such as private venture capital funds, who are not affiliated with the Fund or its affiliates. The profitability of these investments is highly dependent on the expertise of the lead investor involved in the transaction. If the lead investor assumes control of the management of a Portfolio Company, the success of the investment relies not only on their ability to research, analyze, negotiate, and monitor the investment but also on their skill in overseeing the company's business operations. Disposing of such investments is typically challenging due to their unregistered and illiquid nature, as well as contractual restrictions that may prevent the Fund from selling them. Often, the Fund can exit these investments only through transactions arranged by the lead investor, such as an initial public offering or sale of the company. Valuing these investments may pose additional challenges as the accuracy of the Fund's valuation relies on information received from the lead investor. The Fund's valuation may differ from the valuations assigned by other co-investors, introducing potential discrepancies. In some cases, the Fund may pay fees to venture capital fund sponsors, such as placement fees, management fees, administrative fees, and performance fees, in connection with co-investment transactions. These fees are in addition to the fees charged by the Adviser and are indirectly borne by investors in the Fund.

**Private Company Risk:** Investments in start-up and growth-stage private companies carry greater risks compared to investments in publicly traded companies with an established trading history. While these investments offer significant capital appreciation opportunities, they also entail a high degree of risk, which can result in substantial decreases in their value. The illiquid nature of private company investments makes it challenging for the Fund to sell these investments at the Adviser's discretion, as they are not publicly traded. Additionally, contractual

restrictions often limit resale following a public offering, further impeding the Fund's ability to sell shares in these companies for a certain period. Market conditions, developments within a company, investor perception, or regulatory decisions can adversely affect the prospects of a late-stage private company, potentially delaying or preventing it from conducting a public offering. Even if a company goes public, initial public offerings are inherently risky and volatile, potentially leading to a significant decrease in the value of the Fund's investment.

**Portfolio Fund Risks:** The risks associated with Portfolio Funds include those described earlier for the Fund's direct investments in Portfolio Companies. Additionally, the Fund's investment in Portfolio Funds entails specific risks, including:

- Illiquidity and restricted marketability of Portfolio Fund interests, which may require considerable time and/or incur costs for realization.
- Valuation of Portfolio Fund interests based on valuations provided by the Portfolio Fund's sponsor or manager, which may be received with a delay. Some securities held by the Portfolio Funds may lack readily ascertainable market prices and require fair valuation by the Portfolio Fund's manager. There may be conflicts of interest in valuing such securities, as their values can impact the manager's compensation. The accuracy of valuations provided by Portfolio Fund managers cannot be confirmed by the Adviser or the Board, and inaccurate valuations can adversely affect the value of Shares.
- Payment of asset-based fees and performance-based fees in relation to Portfolio Fund interests. These additional fees and performance-based compensation, in addition to the Adviser's management fee, indirectly increase operating expenses for Fund shareholders. Investing directly in Portfolio Funds could potentially avoid the additional level of fees and expenses associated with the Fund, but direct access to Portfolio Funds may be limited or unavailable for investors who do not meet certain criteria.
- Performance-based fees may incentivize Portfolio Fund managers to make risky investments, as they may be compensated based on the Portfolio Fund's positive returns even if the Fund's overall returns are negative.
- Portfolio Funds are generally not registered investment companies under the Investment Company Act, depriving the Fund, as an investor, of certain protections provided by the Act. Portfolio Fund managers may not be registered investment advisers under the Advisers Act, resulting in the Fund not benefiting from certain protections provided by the Act.
- Limited operating histories of Portfolio Funds.
- Regulatory implications under the Investment Company Act or other laws, rules, and regulations may preclude the Fund from acquiring an interest in certain Portfolio Funds or limit the amount it can invest in voting securities of Portfolio Funds. Disclosure requirements may cause objections from Portfolio Funds regarding public disclosure of the Fund's investments and valuations. Affiliated person status under the Investment Company Act could restrict certain transactions. Considerations under other laws, rules, or regulations may also affect the Fund's ability to invest.

- Limited means of independently verifying historical performance and business strategy information provided by Portfolio Funds. Proprietary investment strategies used by Portfolio Funds may introduce unanticipated risks under certain market conditions.
- Receipt of illiquid and difficult-to-value securities as in-kind distributions from Portfolio Funds.
- Potential obligations to make incremental contributions in response to capital calls issued by Portfolio Funds. Failure to satisfy capital calls in a timely manner may result in significant penalties, including the complete forfeiture of the Fund's investment in the Portfolio Fund.
- Concentration of Portfolio Funds in specific industries, sectors, countries, or geographic regions, which can expose the Fund to greater risk and volatility compared to broader diversification.
- Portfolio Funds may have limited near-term cash flow available for distribution, leading to negative returns initially, followed by positive returns if the Portfolio Fund's investments succeed.

**Illiquid Investments and Restricted Securities Risk:** The Fund may invest in illiquid or less liquid investments, including private placement securities, which may be difficult to sell at prices similar to more widely traded investments. This illiquidity could require the Fund to sell other investments or engage in borrowing transactions to meet its obligations. Limited liquidity can also affect the market price of investments, potentially impacting the Fund's net asset value and dividend distributions. Market dislocations and periods of extreme supply and demand imbalance may further reduce liquidity and result in selling investments at arbitrary prices and substantial losses.

**Non-U.S. Investments Risk:** Investing in non-U.S. securities presents additional risks, including currency exchange fluctuations, inflation volatility, differences in securities markets, accounting practices, and regulatory standards. Economic, social, and political risks, such as exchange control regulations, political instability, and expropriation or confiscatory taxation, may also impact investments. Foreign laws and regulations may impose restrictions and require alternative financing and structuring approaches different from those in the United States. Changes in political, economic, legal, or regulatory environments can adversely affect Fund investments.

**Foreign Currency Risk:** The Fund's investments in securities denominated in foreign currencies expose it to the risk of currency exchange rate fluctuations. Changes in exchange rates between foreign currencies and the U.S. dollar can impact the value of securities and result in unrealized appreciation or depreciation. Volatile currencies and foreign currency exchange controls in certain countries may further affect the Fund's net asset value. The Fund may choose to use hedging transactions to mitigate currency exchange rate risks depending on market conditions. However, certain countries, particularly emerging markets, may impose restrictions on currency transferability, repatriation, or convertibility.

**Epidemics, Pandemics, and Public Health Issues:** Outbreaks of diseases, epidemics, and public health issues can significantly impact the Fund, its operations, and investments. The global spread of diseases, such as the COVID-19 pandemic, has led to border closures, health

screenings, quarantines, disruptions to supply chains and economic activities, and overall uncertainty. The economic consequences of pandemics and epidemics are unpredictable, affecting nations, companies, and financial markets in unforeseen ways. Developing and emerging market countries with less-established healthcare systems may face greater impacts. The duration and extent of the effects of such health crises can be prolonged and exacerbate existing political, social, and economic risks in certain countries.

## **9. Disciplinary Information**

Sweater and its management individuals have not been subject to any legal or disciplinary proceedings.

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

Sweater Inc. is the Managing Member of Sweater Inc Member SPV LLC, a Delaware series limited liability company.

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

### **Code of Ethics**

Sweater has adopted a Code of Ethics pursuant to SEC rule 204A-1 of the Investment Advisers Act. The Code of Ethics underlines our commitment to uphold the highest standards of integrity and professionalism in all our dealings. This code is designed to ensure that we act in the best interests of our clients, comply with all applicable laws and regulations, and manage conflicts of interest appropriately.

Our Code of Ethics contains several key principles. Sweater and its employees must:

- Comply with all applicable securities law, rules, and regulations.
- Adhere to professional standards of conduct, emphasizing ethical principles of openness, integrity, honesty, and trust.
- Prioritize the interests of our Funds and Clients, avoiding any misuse of their positions for personal benefit.
- Disclose any material facts about conflicts of interest, personal account dealings, political contributions, and outside business activities.
- Refrain from accepting gifts or entertainment that may create a real or perceived conflict of interest.
- Report any real or potential violations of the Code of Ethics promptly.
- Regularly acknowledge receipt and understanding of the Code of Ethics.

- We provide our Code of Ethics to any client or prospective client upon request, and all employees of Sweater are required to familiarize themselves with the Code and adhere to its principles.

### Participation or Interest in Client Transactions

When participating or expressing interest in client transactions, Sweater ensures a fair and equitable process, with no unfair favoritism toward any client account. As a core part of our fiduciary duty, we ensure that any decisions made are in the best interests of our clients.

In situations where Sweater or any related person recommends to clients, or buys or sells for client accounts, securities in which Sweater or a related person has a material financial interest, we are mindful of the conflicts of interest this presents. To ensure fair and equitable practices, Sweater employs rigorous internal controls, which include, but are not limited to, comprehensive disclosures, meticulous record-keeping, and stringent oversight by our Compliance Department.

All such transactions are conducted in accordance with the principles outlined in our Code of Ethics, which mandates that our clients' interests always take precedence over those of the firm and its employees. Furthermore, in instances where potential conflicts of interest may arise, they are reviewed and managed with complete transparency, under the supervision of the Chief Compliance Officer.

These safeguards aim to maintain a fair balance between our clients' interests and our business activities, always prioritizing our clients first. We consistently work to identify, monitor, and where necessary, reduce or eliminate potential conflicts of interest. This is part of our broader commitment to conducting our business with integrity, honesty, and in compliance with both the spirit and letter of all applicable laws and regulations.

### Personal Trading

Sweater's Code of Ethics includes policies and procedures aimed at preventing the misuse of material, non-public information. These policies, which include a restricted list of reportable securities, are designed to prevent employees or related persons from engaging in securities transactions while in possession of such information.

Sweater maintains a restricted list that includes all reportable securities for the firm and anyone associated with its advisory practice. This list is regularly reviewed and updated by the Chief Compliance Officer or their compliance designee. When a company is placed on this list, no employee or their immediate family member can trade or recommend trading in the securities until the company is removed from the list. Employees are expected to review the restricted list regularly before engaging in a securities transaction.

### Management of Simultaneous Trading Conflicts

Sweater recognizes the potential conflicts of interest arising from simultaneous trading, where the firm or a related person trades in the same securities that are recommended to clients or traded in client accounts.

To manage such conflicts, Sweater has strict policies ensuring that client interests are prioritized over personal trades. This includes pre-clearance for certain trades, regular review of trading activities, and equitable treatment of all client accounts. We proactively manage conflicts with the goal of putting our clients' interests first, while maintaining open and clear communication about our practices.

## **12. Brokerage Practices**

Sweater primarily focuses on investments in private securities and does not ordinarily deal with any broker-dealer acting on its behalf in making purchases. Therefore, commissions are not ordinarily payable in connection with such investments.

However, when Sweater does transact in public securities, it selects brokers based on their ability to provide best execution for the client. This includes the consideration of various factors such as:

- The ability to effect prompt and reliable executions at favorable prices.
- The operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution.
- The financial strength, integrity, and stability of the broker-dealer.
- The competitiveness of commission rates in comparison with other broker-dealers.

Though Sweater generally seeks competitive commission rates, it will not necessarily pay the lowest commission or equivalent.

Sweater does not maintain relationships with broker-dealers that feature soft-dollar benefits or referral arrangements. Therefore, brokerage for client referrals and directed brokerage, respectively, are not applicable.

### **Aggregation of Purchase or Sale of Securities for Various Client Accounts**

As Sweater primarily deals with private securities, it typically does not aggregate orders. When transacting in public securities, the decision to aggregate orders will be made on a case-by-case basis, considering the best interests of clients. Sweater will always strive to achieve the most favorable execution and ensure that all clients are treated fairly and equitably.

## **13. Review of Accounts**

Sweater and its team, including the Portfolio Managers and Compliance personnel, will regularly monitor each Fund to ensure compliance with portfolio-level investment strategies, guidelines, policies, and restrictions. Sweater will assess economic and market conditions to determine if any actions are necessary based on the fund's investment objective and strategy. Account reviews for the Sweater Cashmere Fund will also comply with regulatory requirements, including the 1940 Act and the Internal Revenue Code, as well as the prospectus limitations and internal



guidelines of Sweater Cashmere Fund. The third-party administrator and Sweater's Chief Compliance Officer will conduct reviews of Sweater Cashmere Fund.

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

Sweater has entered into written solicitation agreements with certain entities that introduce prospective investors to Sweater's Funds. Under these agreements, the solicitor receives compensation based on the investment management fees Sweater earns from specific investment management clients during the agreement's term. These arrangements provide a financial incentive for the solicitor to recommend Sweater to clients. The solicitation agreements and associated fees are governed by relevant regulatory rules, including Rule 206(4)-1 and, for certain solicitations involving state or municipal entities, Rule 206(4)-5 under the Advisers Act. Some solicitors may hold an indirect, non-controlling interest in Sweater.

Sweater also makes payments to select financial intermediaries and strategic partners for various purposes, including the sale of Sweater fund shares or interests in other investment advisory products and services. These payments are made by Sweater and are not reimbursed by the Sweater funds. In return for these payments, Sweater receives benefits such as inclusion in the financial intermediary's fund sales system, potential placement on preferred or recommended fund lists, and access to individual members of the financial intermediary's sales force or management. The compensation provided to financial intermediaries varies based on the level and type of services they offer.

## **15. Custody**

Since Sweater acts as the general partner or managing member of its Private Funds, it may be considered to have custody of the assets of those funds. This custody is established through the general partners' or managing members' access to the assets, including the deduction of advisory fees payable to Sweater.

Sweater complies with Rule 206(4)-2 of the Advisers Act, also known as the Custody Rule, by entrusting the custody of any funds and securities that are not privately offered securities to a qualified custodian. Additionally, Sweater fulfills the requirements of the Custody Rule's pooled vehicle annual audit provision by obtaining an annual (and liquidation) audit of the Private Funds' financial statements from an independent auditor who is a member of the Public Company Accounting Oversight Board (PCAOB). These audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (GAAP), are made available to investors within 120 days of each Fund's fiscal year end in compliance with the SEC's Custody Rule.

## **16. Investment Discretion**

Sweater has discretionary authority to manage the investment portfolios of each of its funds, including both private funds and registered investment companies, in accordance with each fund's investment strategy and subject to any specified investment restrictions. However,

Sweater's investment discretion may be limited by regulatory or internal compliance constraints regarding the type or quantity of securities or assets that can be purchased or held.

The investment strategy and any restrictions for each fund are outlined in their respective governing documents. Sweater provides investment advice directly to the funds, and investors in the funds do not participate in fund management or have the ability to impose limitations on Sweater's discretionary authority.

To invest in a fund, investors must execute the necessary subscription or participation agreements, making representations regarding their suitability for the investment. Once these agreements are executed, Sweater has the authority to transact on behalf of the fund without contacting investors beforehand.

## **17. Voting Client Securities**

Sweater generally does not engage in trading individual publicly traded securities that require voting through traditional proxies. However, Sweater does take action through its positions on private company boards of directors or via written shareholder/member consent for the funds' private investments. Although infrequent, Sweater may occasionally receive traditional proxy solicitations.

If Sweater exercises voting authority for proxies, it follows its proxy voting policies and procedures to vote in the best interests of the Funds and Fund investors, as applicable. Sweater believes its interests are generally aligned with those of the Funds and Fund investors. However, conflicts of interest, whether apparent, potential, or actual, may arise from time to time. Sweater's Proxy Committee, responsible for voting proxies, assesses any conflicts of interest associated with a proxy. In cases where conflicts exist, the Proxy Committee addresses them in accordance with Sweater's fiduciary duties. If necessary, the Proxy Committee may consult with legal counsel to determine the materiality of the conflict. Following its established procedures, the Proxy Committee makes voting decisions based on input from internal and/or external sources as deemed reasonable or necessary.

Upon request to [support@sweaterventures.com](mailto:support@sweaterventures.com), Sweater will provide investors with a copy of its proxy voting policy free of charge. Additionally, investors can obtain information on how Sweater voted on any previous public proxies, if applicable, at no cost.

## **18. Financial Information**

Sweater is not required to provide a balance sheet because (i) it does not solicit fees more than six months in advance, (ii) it has a sound financial condition that enables it to fulfill contractual commitments to clients, and (iii) it has not undergone any bankruptcy proceedings in the past 10 years.