

# SEQUOIA HERITAGE

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

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

## **Item 2. Material Changes**

This brochure (“Brochure”) dated March 29, 2024, serves as an update to the Adviser’s brochure dated January 29, 2024. This Brochure contains routine annual updates, as well as certain other updates, including, but not limited to: (i) updates to Item 4 to reflect updates to the treatment of certain Co-Invest Vehicles for purposes of this Brochure, (ii) updates to Item 8 to reflect new and updated risk factors related to the Adviser’s investment strategies including those related to the Co-Invest Funds and the Adviser making investments in invested managers (as defined herein), and (ii) updates to Item 11 to reflect new or updated disclosure regarding potential and/or actual conflicts of interest faced by the Adviser related to its discretion to allocate follow-on investments, engage senior advisors, and allocate expenses.

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## Item 4. Advisory Business

### Introduction

SCHF (GPE), LLC ("SCHF"), a Delaware limited liability company, builds and manages global portfolios invested in different regions and assets. SCHF employs an approach that has its origins in the techniques of large foundations, trusts, and endowments as well as the more opportunistic and contrarian styles of leading family offices. For purposes of this Brochure, the "Adviser" means SCHF, together (where the context permits) with SCHF Management, L.P. ("SCHF Management") and SCHF (GPE) KY LLC ("SCHF KY").

The firm was founded on January 28, 2010 and is privately-held.

The principal owners of SCHF are Montague Island LLC and Alsace Oneida LLC. The majority of each of SCHF Management and SCHF is owned, directly or indirectly, by senior members of management, longtime employees of SCHF Management, and certain of their related estate-planning vehicles. The principal owners of SCHF Management are Keith Johnson and Kevin Kelly. The principal owner of SCHF KY is SCHF. SCHF Management and SCHF KY are under common control with SCHF, and SCHF Management possesses a substantial identity of personnel with SCHF. SCHF Management has responsibility for the day-to-day operations of the Investment Vehicles (as defined below) advised by SCHF, and SCHF KY is the investment manager of certain Investment Vehicles advised by SCHF.

### Types of Advisory Services

SCHF provides investment advisory services to, and is general partner of, various investment funds that are primarily structured as limited partnerships and may be domiciled in the United States or abroad, at the discretion of the Adviser. The "Main Fund" consists of feeder funds ("Feeder Funds") and master funds ("Master Funds") in a multi-master/multi-feeder structure, pursuing a global investment program, as described further in Item 8. In addition to the Main Fund, the Adviser has also established, and may establish in the future, investment funds that are intended to pursue multiple co-investment opportunities generated in connection with the Main Fund (the "Co-Invest Funds"). The Adviser also from time to time establishes special purpose vehicles for the purpose of making co-investments separate from the Co-Invest Funds (the "Co-Invest Vehicles"), as further described in Item 11 below. The Main Fund, Co-Invest Funds and certain Co-Invest Vehicles that pay carried interest or other performance-based fees or compensation are referred to throughout this Brochure as the "Funds" and, collectively with all Co-Invest Vehicles, as "Investment Vehicles." For the avoidance of doubt, references throughout this Brochure to "Funds," "Investment Vehicles," "Co-Invest Funds," and "Co-Invest Vehicles" shall not be deemed to include any investment funds or vehicles advised by an invested manager (as defined in Item 8 - *Investments in Underlying Managers*).

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

The Adviser is associated with a collection of private investment funds, general partner entities and management company entities that generally utilize the "Sequoia Capital" brand name and often are

referred to colloquially as “Sequoia Capital”. Other than as described in Item 11 below, the Adviser and the Funds operate independently from other Sequoia Capital entities.

A significant portion of the investment portfolios of the Funds consists of interests in private investment vehicles (e.g., investment funds, co-investments, and joint ventures) or accounts (collectively, “underlying funds”) managed by third parties or other investment advisers (collectively, “underlying managers”). The investment portfolios of the Funds also include other assets, including, but not limited to, publicly traded securities of operating businesses, structured credit, debt securities, investment contracts, derivatives, swaps, options, commodities, digital assets, currencies, real estate, fixed income securities, securities traded over the counter, and private or restricted securities acquired that are held directly by the Funds, held by the Funds in brokerage accounts or held in separate accounts owned by the Funds and managed by the Adviser or by underlying managers.

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

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

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

The Adviser may, in its sole and absolute discretion, establish “Affiliated Funds” (as defined in Item 11 below) at any time, including vehicles utilizing non-partnership structures such as managed accounts. The Funds may also make use of “pooling vehicles” through which one or more entities or accounts makes investments in underlying funds or other assets.

### **Wrap Fee Programs**

The Adviser does not sponsor wrap fee programs.

### **Discretionary Assets Under Management**

As of December 31, 2023, the Adviser managed a total of \$17,189,956,107 of client assets on a discretionary basis.

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

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Main Fund, the Adviser will be entitled to receive from the Main Fund advisory fees (the “Advisory Fees”), payable quarterly in

advance on the first day of each calendar quarter, and calculated as a percentage of the aggregate capital account balances of the investors in the Feeder Funds as of such date. The Main Fund has two series of investor interests, "Series A Interests" and "Series B Interests" (each, a "Series"). Series A and Series B Interests bear Advisory Fees at different rates. Investors who make (or increase) a capital commitment to the Main Fund will be required to designate the Series to which all or a portion of any such capital commitment is made at the time of their subscription or increase. The Adviser may elect from time to time to offer additional Series and/or restrict the offering of new interests in the Main Fund to only one or more Series. Advisory Fees will be calculated as follows:

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

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

The Adviser is authorized to, and does, deduct any and all fees and expenses (including, with respect to the Main Fund, the Advisory Fee) when due from the assets of the Funds. Amounts corresponding to those payments will be automatically deducted from the capital accounts of the investors. Proportionate shares of fees and expenses paid by the Master Funds (including, e.g., advisory and performance fees and expenses of underlying managers) are borne by investors in the Feeder Funds.

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

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

The precise amount of, and the manner and calculation of, the Advisory Fees for the Main Fund are established by the Adviser, and are set forth in the Partnership Agreements and/or Governing Documents of the Feeder Funds, and may be modified from time to time. Fees may differ among investors in the Feeder Funds (in addition to Advisory Fee differences as between the Series, as noted above). The Adviser may, in its sole discretion and at any time, waive all or any portion of the Advisory Fee with respect to certain investors, including investors who are employees, former employees, or employees of related persons of the Adviser, including Sequoia Capital affiliates. Any such waiver will reduce the overall Advisory Fees paid to the Adviser, but will not reduce the fees paid by any investor whose fees are not waived or otherwise specifically reduced.

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

The Co-Invest Funds and Co-Invest Vehicles do not, as of the date of this Brochure, pay the Adviser any Advisory Fees. In addition, the Co-Invest Funds and certain Co-Invest Vehicles will pay carried interest, which is described in Item 6 below. Any carried interest owed by the Co-Invest Funds and Co-Invest Vehicles are paid by deducting such amounts from the investors’ capital accounts if and when due in accordance with the terms of such Co-Invest Fund’s or Co-Invest Vehicle’s Governing Documents. The fee terms of any Co-Invest Fund or Co-Invest Vehicle, including any advisory fees and carried interest, will be negotiated on a vehicle-by-vehicle basis and will be described in the Governing Documents of each Co-Invest Fund and Co-Invest Vehicle. These fees could include asset-based fees and expense reimbursements, carried interest, performance fees or such other fees as may be negotiated with the Adviser from time to time. Except as described in the Governing Documents of the applicable Co-Invest Fund or Co-Invest Vehicle, the Adviser will not be required to charge fees to Co-Invest Funds and Co-Invest Vehicles and fees paid by the Co-Invest Funds and Co-Invest Vehicles will not offset the Advisory Fees payable by any Fund.

#### *Advisory Fee Offsets*

The Advisory Fees payable by the Main Fund to SCHF will be reduced by an aggregate amount equal to one hundred percent of any transaction, commitment, break-up, advisory, syndication, guarantee, directors, officers, management and other fees (net of any applicable expenses) paid by an underlying fund or portfolio company to SCHF (or any managing member of SCHF) that would not, if earned directly by a Feeder Fund, cause such Feeder Fund to cease to qualify as an “investment partnership” under the U.S. Internal Revenue Code of 1986, as amended (the “Code”). For the avoidance of doubt, any such fees paid to SCHF or any managing member of SCHF after the Main Fund has exited (or is in the process of exiting) an investment do not reduce the Advisory Fee. The Advisory Fees will not be offset by directors fees received from a publicly traded issuer, provided that the fees do not exceed the fees paid to the company’s outside directors generally. The Advisory Fees paid by the Main Fund will generally also be reduced by: (1) the amount of fees paid by the Main Fund to placement agents, if any, in connection with the offer and sale of interests in the Feeder Funds and (2) the amount, in the aggregate, that specified Main Fund expenses (as specified in the Main Fund’s Partnership Agreements) exceed 0.05 percent of the Main Fund’s net asset value as of the end of the applicable fiscal year.

#### **Expenses**

The Governing Documents for each Fund set forth the fees and expenses related to the Funds, including methods of allocation of those fees and expenses between SCHF and the Funds (and therefore the investors). Prospective investors should carefully review those documents prior to making an investment in the Funds.

Each Fund will bear all expenses relating to it to the extent not borne by its underlying funds or companies in which such Fund invests (“portfolio companies”), including, but not limited to:

- out-of-pocket expenses associated with the organization of SCHF, its affiliates, or the Funds or the syndication of interests therein and any costs and expenses incurred in connection with the preparation of amendments to documentation of SCHF, its affiliates or the Funds;
- fees of third-party administrators and managers as well as legal, accounting, audit, valuation, tax, regulatory, compliance/advisory, quality control and assurance, depository, custodial, registered agent and other professional fees (including all costs and expenses associated with the registration of securities under applicable securities laws);
- consulting fees relating to services rendered to, or related to the operations of the Funds or any subsidiaries of the Funds;
- banking, brokerage, registration, qualification, finders, private-placement, depository and similar fees or commissions, as well as all out-of-pocket costs and expenses associated with due diligence on investment opportunities or managers;
- transfer, capital and other taxes, as well as charges, duties and fees, and any other out-of-pocket costs (including broken-deal, unconsummated deal and similar fees and costs, as well as costs of data, research, market intelligence, expert network and similar services) incurred in developing, evaluating, acquiring, holding, monitoring, selling or otherwise managing or disposing, or hedging against changes in the value, of the Funds' assets or obligations, as well as out-of-pocket travel expenses (including private and charter plane costs) incurred by SCHF, the Adviser or any affiliated advisory company in exploring, researching, investigating, evaluating, structuring or monitoring investments or investment opportunities (whether or not completed), including, for the avoidance of doubt, any costs or expenses that are passed through to the Funds by a portfolio company for any reason at any time;
- costs and expenses associated with the organization and maintenance of (including amendments to any documentation related to) any holding entities (e.g., "blockers"), "below-the-fund" feeder entities or investment conduits;
- insurance premiums including those for cybersecurity insurance (including premiums for insurance purchased and maintained in connection with the indemnification of the Funds, SCHF (or any member, employee or agent thereof) in its capacity as the general partner of the Funds, certain affiliates of SCHF in their capacity as such, or any other person in connection with the investments/activities of the Funds, including service by such person, at the request of SCHF, as an officer or director of a portfolio company, as described in the Partnership Agreements);
- indemnification of persons to whom the Funds have undertaken an indemnification obligation, costs of actual, threatened, or otherwise anticipated litigation, arbitration, mediation, court action, or other adjudicative proceeding, judgments and settlements and other extraordinary expenses, including, with respect to each of the foregoing, the portion of any such fees, costs and expenses that may otherwise be allocable to the other Funds;
- fees, costs and expenses of preparing and distributing financial statements and other reports and notices, including fees, costs and expenses of legal and other professional advisors incurred in connection therewith;
- expenses associated with making capital calls from and distributions to investors, including fees and expenses of information technology used to facilitate all such activities;
- all fees, costs and expenses of preparing and filing governmental returns, reports and other regulatory filings and reports and all fees, costs and expenses of governmental examinations, audits, investigations and similar proceedings, in each case relating to the Funds, their investments, the Adviser, or the affiliated carry vehicle of SCHF, including without limitation fees, costs and expenses of legal and other professional advisors



- incurred in connection therewith and the portion of any such fees, costs and expenses that may otherwise be allocable to other Funds;
- costs of meetings of investors (including current Fund investors), meetings with certain investors and portfolio companies and (to the extent provided in the Partnership Agreements) meetings of the Board of Directors (including, in the case of each of the foregoing, the reasonable travel and other out-of-pocket costs (including private and charter plane costs) incurred (including with respect to employees of the Adviser) and members of the Board of Directors in connection with attending such meetings (which may include expenses incurred by SCHF, the Adviser (including with respect to employees) and members of the Board of Directors));
  - the repayment of principal and interest of, and all expenses incurred in connection with, any indebtedness of the Funds or other credit arrangement;
  - amounts paid to or for the benefit of portfolio companies other than as capital contributions thereto or in exchange for securities issued by portfolio companies;
  - the Advisory Fee;
  - advertising (including event sponsorship, attendance and professional organization costs) and public notice costs;
  - costs and expenses associated with preparing and filing Funds' tax returns and tax reports (including K-1 forms), making tax elections and determinations, and similar activities, including costs and expenses incurred by SCHF in its capacity as "partnership representative" or by the "designated individual" or a similar role under state or local law;
  - all expenses incurred in connection with the collection of amounts due to the Funds from any person, including all costs and expenses associated with a defaulting investor (but only to the extent not paid by the applicable defaulting investor);
  - taxes and other governmental charges imposed upon, or required of the Funds as an entity;
  - winding-up and liquidation expense;
  - costs of the Funds', the subsidiaries of the Funds', SCHF's, the affiliated carry vehicle of SCHF's and SCHF Management's compliance with any law or regulation related to the activities of a Fund including but not limited to all fees, costs, and expenses incurred with respect to SCHF's and its affiliates' regulatory or compliance obligations under the Investment Advisers Act of 1940, as amended (the "Advisers Act") (which includes, without limitation, fees, costs and expenses of compliance consultants, legal fees, costs, and expenses, and all fees, costs and expenses related to the preparation and filing of Forms ADV and PF), registration or other compliance obligations related to, or arising as a result of, the offering and sale of interests in a Fund in any jurisdiction, including any such obligations arising under the Alternative Investment Fund Managers Directive or the securities law of any jurisdiction, or from managing compliance with FATCA or similar regimes) and applicable privacy laws, including the portion of any such fees, costs and expenses that may otherwise be allocable to other Funds;
  - costs of developing, licensing, implementing, maintaining or upgrading software, datasites, cloud services and other information technology (including third-party research data subscriptions and similar products) for the benefit of the Funds or investors, including the portion of any such fees, costs and expenses that may otherwise be allocable to other Funds;
  - fees, costs and expenses of hosting, attending and sponsoring meetings, conferences and events for current, prior and prospective investors, portfolio companies and other strategic relationships (including, in the case of each of the foregoing, the reasonable travel and other out-of-pocket costs (which may include private and charter plane costs) incurred in connection with hosting, attending and sponsoring such meetings, conferences and events);

- fees, costs and expenses of attending and participating in board meetings of portfolio companies and other persons including the reasonable travel and other out-of-pocket costs (which may include private and charter plane costs) incurred in connection therewith;
- costs associated with the transfer or withdrawal of an investor's interest in the Funds to the extent not borne by such investor or transferee;
- if SCHF is removed in connection with a "No-Fault Event" (as is more fully described in the Partnership Agreements), reasonable costs and expenses incurred or payable by SCHF and SCHF Management (during or in respect of the time between the No-Fault Event and the initially anticipated final termination of the Fund or Funds as determined by SCHF in good faith) in respect of contractual obligations, commitments or fixed costs which were undertaken in good faith reliance upon the absence of a No-Fault Event and the assumption that the applicable general partner would continue to serve as such through such initially anticipated final termination (e.g., obligations to vendors, lessors, service providers or other medium/long-term contract parties); and
- any other expenses not listed in the preceding clauses that are not normal operating expenses of SCHF, the affiliated carry vehicle of SCHF or SCHF Management.

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

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

The Adviser, from time to time, engages one or more fund administrators, compliance consultants, or similar service providers to perform certain functions in relation to the Funds and/or the Adviser, as applicable, which services may include coordination of the Funds' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, support with respect to compliance obligations, investor data management and reporting requests as well as data collection required for various regulatory reporting which with the Funds or the Adviser, as applicable, are required to comply. In certain instances, employees of such service providers dedicate substantially all of their time to the Funds or Adviser or spend all or a significant majority of their business time at the Adviser's offices. These expenses related to such service provider employees are borne by the Funds. In addition, the Funds will bear the expenses of all third-party administrator service providers that otherwise qualify as Fund expenses to be borne by the Funds even if there is some overlap in services performed by such third-party administrator and Adviser personnel.

Each Fund will generally bear its own expenses. Expenses, otherwise qualifying as Fund expenses, which are paid or incurred for the benefit, or to satisfy obligations, of multiple Funds shall be allocated equitably among such entities by SCHF in its reasonable discretion (which, for the avoidance of doubt, shall generally include apportioning Fund expenses reasonably determined by SCHF to be directly attributable to a specific investment in proportion to the respective amounts invested by each Fund participating in such investment); provided that certain expenses related to (i) insurance premiums (including premiums for insurance purchased and maintained in connection with the indemnification of the Funds, SCHF (or any member, employee or agent thereof) in its capacity as the general partner of the Funds, certain affiliates of SCHF in their capacity as such, or any other person in connection with the investments/activities of the Funds, including service by such person, at the request of SCHF, as an officer or director of a portfolio company, as described in the Partnership Agreements); (ii) fees, costs and expenses of preparing and filing governmental returns, reports and other regulatory filings

and reports and all fees, costs and expenses of governmental examinations, audits, investigations and similar proceedings, including without limitation fees, costs and expenses of legal and other professional advisors incurred in connection therewith; (iii) costs of compliance with applicable securities laws, including not limited to all fees, costs, and expenses incurred with respect to regulatory or compliance obligations under the Advisers Act (which includes, without limitation, fees, costs and expenses of compliance consultants, legal fees, costs, and expenses, and all fees, costs and expenses related to the preparation and filing of Forms ADV and PF for SCHF), and applicable privacy laws; (iv) costs of developing, licensing, implementing, maintaining or upgrading software, datasites, cloud services and other information technology (including third-party research data subscriptions and similar products) will be borne by the Main Fund and not the Co-Invest Funds or Co-Invest Vehicles; (v) fees, costs and expenses of hosting, attending and sponsoring meetings, conferences and events for current, prior and prospective investors, portfolio companies and other strategic relationships (including, in the case of each of the foregoing, the reasonable travel and other out-of-pocket costs (which may include private and charter plane costs) incurred in connection with hosting, attending and sponsoring such meetings, conferences and events); and (vi) fees, costs and expenses of attending and participating in board meetings of portfolio companies and other persons, including the reasonable travel and other out-of-pocket costs (which may include private and charter plane costs) incurred in connection therewith. Each Fund will bear its share of the expenses of the underlying funds and portfolio companies, including the expenses related to investments in any Sequoia Affiliated Funds. Each Feeder Fund will bear its share of the expenses of the Master Funds. Each Fund will reimburse the Adviser for any Fund expenses incurred by the Adviser on behalf of such Fund, and SCHF may, in its sole and absolute discretion, assign to SCHF Management the right to receive reimbursements otherwise payable to SCHF under a Fund's Partnership Agreement. Each Fund has been, and may in the future be, required to reimburse a Sequoia Capital affiliate for Fund expenses incurred by such party. See "*Conflicts with Respect to Allocation of Expenses*" in Item 11 below for more information on how the Adviser generally resolves conflicts with respect to expenses and allocation of such expenses among the Funds.

Each investor in the Feeder Funds, Co-Invest Funds and Co-Invest Vehicles bears its own costs, expenses and losses associated with its participation in the Funds, including any reasonable legal and other out-of-pocket expenses incurred by the Fund. In addition, each investor in the Feeder Funds, Co-Invest Funds and Co-Invest Vehicles bears the cost of all closings of such Funds, including closings unrelated to such investor. Expenses incurred on behalf of the investor in connection with, e.g., a transfer of an investor's interests, will be borne by such investor. The Adviser is authorized, and will, deduct expenses incurred on behalf of an investor from such investor's capital account.

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

The Adviser, or an affiliate of the Adviser, charges Series B Interests of the Main Fund a performance allocation (the "Performance Allocation"). The precise amount of, and the manner and calculation of, the Performance Allocation for Series B Interests of the Main Fund are established by SCHF, and are set forth in the Main Fund's Governing Documents and may be modified from time to time. SCHF may at any time waive or reduce all or a portion of any Performance Allocation allocable with respect to any investor. The Adviser does not currently charge Series A Interests of the Main Fund any Performance Allocation. In addition, the Adviser, or an affiliate of the Adviser, has charged, and may in the future, charge carried interest with respect to one or more of the Co-Invest Funds and Co-Invest Vehicles. SCHF may at any time waive or reduce all or a portion of any such carried interest allocable with respect to any investor. The precise amount of, and the manner and calculation of carried interest charged for a Co-Invest Fund or Co-Invest Vehicle is established by SCHF, and is set forth in the applicable Governing Documents received by each investor prior to investment in a Co-Invest Fund or Co-Invest Vehicle.

The receipt of the Performance Allocation, carried interest or other incentive-based compensation could create a performance-based incentive for the Adviser to cause certain investment opportunities to be allocated to certain Funds in preference to other Funds that may not pay such incentive-based compensation or that pay incentive-based compensation at a lower rate (or a lower effective rate).

Please see “*Investors Will Experience Different After-Tax Returns*” in Item 8 for additional details with respect to certain taxes that will be disregarded for purposes of calculating the Performance Allocation but that will impact returns.

To the extent the Adviser charges Series A Interests a performance-based fee, it will be done in a manner that is consistent with the applicable Partnership Agreements. The Funds, to the extent charged by underlying portfolio investments, do, and will in the future, bear their share of any performance-based fee or carried interest paid in connection with such portfolio investments.

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

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

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

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

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

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

### **Methods of Analysis and Investment Strategies**

#### *Investment Approach of the Main Fund*

The Adviser manages a global portfolio that invests into funds, coinvests into private businesses, and seeks out teams to build operating platforms.

The Adviser employs an approach that draws on what it believes to be the best practices of top institutional investors, combined with the nimble orientation of a sophisticated family office. The Adviser strives to bring its investors durable returns and, like family offices, the Adviser incorporates an emphasis on absolute, rather than relative, returns.

From endowments, the Adviser draws on the practice of rebalancing: selling as relative values and returns rise for a given asset class or manager, and buying other asset classes and investments with managers that the Adviser regards as comparatively undervalued.

### Liquidity

Investments that are not fully liquid or cash-equivalent result in liquidity risk to the Main Fund. Managing this risk requires sufficient liquidity to meet the Main Fund's annual distribution election, unfunded commitments to underlying funds, contractual commitments to underlying portfolio companies, withdrawal elections, and the role of rebalancing in the Main Fund's investment strategy. The Adviser employs a number of techniques to monitor, stress-test, and manage liquidity under a variety of different potential market conditions. Among these is a liquidity ladder at the portfolio level to understand the Main Fund's liquidity positions over time.

Following the effective date of a Main Fund investor's withdrawal election, unless determined by the Adviser (as permitted by the applicable Partnership Agreement), the limited liquidity portion of the interests subject to that withdrawal will be placed in a liquidating sub-account until they are realized. A withdrawing investor's portion of any unfunded capital commitments of the Main Fund to an underlying portfolio investment allocated to the liquidating sub-account is part of that withdrawing investor's limited liquidity assets and is therefore itself subject to inclusion in the liquidating sub-account. In the event the Main Fund's committed but uncalled capital obligations to underlying portfolio investments constituting limited liquidity assets exceed the value of the Main Fund's liquid assets at the time of a given withdrawal, the entirety of a withdrawing investor's interest will be placed in a liquidating sub-account. Limited liquidity assets realized in a withdrawing investor's liquidating sub-account will be reserved or recycled for the purposes permitted by the applicable Partnership Agreement, further limiting distribution of liquid assets to the investor. Further, because the timing of any realization is unknown, limited liquidity assets may remain in a liquidating sub-account for an extended period of time, resulting in limited distribution of liquid assets to such investor and continued risk of loss. The Adviser will not actively manage or rebalance the assets in a liquidating sub-account during a withdrawal period, which may result in a portfolio that is more significantly more concentrated than the Main Fund, further exacerbating any potential risk of loss.

### Portfolio Construction

In constructing the Main Fund's portfolio, the Adviser assembles public and private equities, real assets, cash/uncorrelated/fixed income investments. Taken in different combinations and in subsets as deemed appropriate by the Adviser from time to time, these assets form the primary asset classes with which the Adviser works.

### Public Equity

The Adviser's public equity portfolio approach is based on active management combined with passive management or indexing. Public equity investments typically (but do not necessarily) include small/microcap mandates, sector-focused investments, concentrated global or regional stock pickers, country-specific specialists, and indexed or benchmark-sensitive strategies (primarily for rebalancing purposes). Long-biased and long-short managers, whose returns are generated through stock

selection and who typically express a moderate level of market correlation, are also grouped into the public equity portfolio.

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

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

### Private Equity

Private equity is comprised principally of three styles of investing—buyout, growth equity, and venture capital. The Adviser generally seeks to invest with underlying managers who operate in niches and employ distinctive investment approaches and may also purchase private equity directly, whether or not alongside a private equity manager.

The Adviser also causes the Funds to invest directly in private securities and other unlisted instruments when it determines that an opportunity warrants such a purchase and is consistent with the Funds' investment strategy.

### Real Assets

Real assets generally (but do not necessarily) consist of real estate, natural resources, energy, commodity, infrastructure, and other investments in tangible assets.

### Cash/Uncorrelated/Fixed Income Strategies

The uncorrelated portion of the portfolio generally encompasses a broad range of strategies and disciplines. This asset class typically (but does not necessarily) includes arbitrage, distressed debt, event-driven, fundamental credit, low-beta long-short, macroeconomic, multi-strategy and volatility managers.

Fixed income investments typically (but do not necessarily) consist of U.S. treasuries and agencies, inflation-protected securities, commercial paper, high grade corporate debt, and other structured debt instruments. The Adviser has, and may in the future, employ a mix of active and passive management in fixed income.

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

Certain Co-Invest Funds have been, and will in the future be, established to invest in opportunities sourced for the Main Fund. Co-Invest Funds generally act as "spill over" vehicles and participate solely to the extent the Main Fund has satisfied its investment appetite with respect to each applicable investment. Such Co-Invest Funds have and are also permitted to invest in secondary or follow-on opportunities where the Main Fund has previously invested, but for which the Adviser determines the Main Fund has no additional capacity as of such date. In addition, certain Co-Invest Vehicles (including those that pay carried interest) have been, and will in the future be formed to make investments alongside the Fund and the Co-Invest Funds. Please see "*Conflicts with Respect to Allocation of Co-*

*Investment Opportunities*” in Item 11 for additional details on how the Adviser allocates co-investment opportunities, including follow-on opportunities. As a result of rebalancing and shifting asset allocations, a determination that the Main Fund or a Co-Invest Fund has no additional appetite for any investment as of any given date will not determine the allocation of additional capacity of the investment in the future. The election of any Fund to participate or not participate in a given investment opportunity will not prevent or ensure the right of such Fund to participate in any future opportunities with respect to such investment. In each case, the Co-Invest Funds and Co-Invest Vehicles are permitted to invest in any of the asset classes or forms of investments (including direct investment in public and private securities and underlying managers) as the Main Fund.

As a result of the investment approach of the Co-Invest Funds, the Adviser generally will not manage the asset allocation or liquidity of the Co-Invest Funds, and the Co-Invest Funds will only participate in a limited set of the opportunities offered to the Main Fund. The portfolio of a Co-Invest Fund or Co-Invest Vehicle will be concentrated in a limited number of investments, increasing the vulnerability of such Co-Invest Fund’s or Co-Invest Vehicle’s portfolio as compared with a portfolio that is more diversified. Investors should refer to the “*Risks of the Funds*” and “*Risks of the Co-Invest Funds and Co-Invest Vehicles*” sections below for further information. Many of the risks described herein as applicable to Co-Invest Funds also apply to Co-Invest Vehicles.

## **Risks of the Funds**

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

The Adviser’s investment approach with respect to the Funds is opportunistic and does not focus on any one investment strategy. For these reasons, the following list of risks generally does not discuss specific risks or other considerations associated with specific types of investments. For additional discussion of the risks applicable to a Fund, please refer to the Governing Documents for such Fund.

### *General Risks Associated with Investments*

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

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

Identifying and participating in attractive investment opportunities and balancing investments across multiple asset classes, geographies, strategies, and sectors over a time period that is intended to span several decades is difficult. There is no assurance that the Funds’ investments will be profitable. Any return on investment to the investors will depend upon successful investments made on behalf of the Funds by the Adviser. Many investment decisions by the Adviser will be dependent upon the ability of its members and agents to obtain relevant information from multiple sources (including nonpublic sources) and synthesize significant amounts of information relating to the wide range of permissible

investments. The Adviser often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify.

The performance of each investment will depend upon many factors beyond the Adviser's control. For example, the Funds are expected to invest a significant portion of their capital in funds or other pooled investment vehicles managed by persons other than the members of the Adviser. In addition, the Funds hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. Underlying funds and portfolio companies may have substantial variations in operating results from period to period, face intense competition and experience failures or substantial declines in value at any stage.

### *General Economic and Market Conditions*

General economic or market conditions can adversely affect the investments made by the Funds. In addition, increases in interest rates or a downturn or contraction in the economy, in the capital markets, or in certain industries or geographic regions could restrict the availability of suitable investment opportunities for the Funds and/or the opportunity to obtain liquidity from such investments, each of which would prevent the Funds from meeting their investment objectives. A general economic downturn could also result in the diminution or loss of the investments made by the Funds and an increase in the number of withdrawal requests from investors.

### *Natural Disasters, Epidemics, Pandemics, Terrorist Attacks, and Political Turmoil*

Countries and regions in which the Funds invest or where the Funds or the Adviser otherwise do business are susceptible to natural disasters (e.g., fire, flood, earthquake, storm and hurricane) and epidemics, pandemics or other outbreaks of serious contagious disease. The occurrence of a natural disaster, pandemic or epidemic could adversely affect and severely depress consumer demand, reduce economic output and disrupt travel, business operations and financial markets in many countries (even beyond the site of the natural disaster or epidemic), all of which could adversely affect the Funds' investment program and the Adviser's ability to do business.

In addition, terrorist attacks, or the fear of or the precautions taken in anticipation of such attacks, could, directly or indirectly, materially and adversely affect certain industries in which the Funds invest or could affect the countries and regions in which the Funds invest or where the Funds or the Adviser otherwise do business. Other acts of war (e.g., war, invasion, acts of foreign enemies, hostilities and insurrection, regardless of whether war is declared) and political turmoil could also have a material adverse impact on the financial condition of industries or countries in which the Funds invest.

### *Climate Change*

The Funds may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Funds' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe



weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

### *Public Health Risks*

Certain countries have been susceptible to pandemics and epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the 2019 novel coronavirus (COVID-19). The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which the Funds may invest and thereby adversely affect the performance of a Fund's investments. The spread of any such infectious disease among the Adviser's personnel and its service providers would also significantly affect the Adviser's ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Fund's investment activities or operations.

### *Relations with China*

Recently, there have been a number of developments and events that have increased tensions between the United States and China, including in respect of trade policies, technology transfers, human rights, the status of Taiwan, sanctions and countersanctions and the handling of the COVID-19 outbreak. The U.S. Biden administration has maintained the tariffs on Chinese goods and most of the sanctions that were implemented during the Trump administration, and the relationship between the countries remains complex. Also, in August 2020, the trade talks between China and the United States were postponed. Although there have been certain watertesting talks between high-level leaders from the Chinese and U.S. governments on the bilateral trade relationship since October 2021, the timeline to resume formal trade talks is subject to great uncertainties and there is no guarantee that all the outstanding trade issues can be settled through such talks. In the meantime, the Chinese and U.S. governments may continue to impose additional tariffs and other restrictions on each other's goods, services and/or technologies in the near future. These developments and any future actions by the United States or China arising from or contributing to the further deterioration of relations between the United States and China could result in significant disruption in regional and global markets and could have material adverse consequences on the investments of the Funds, including on investments that could be affected or targeted by any sanctions or other regulatory actions. In addition, these policies are likely to change as a result of political developments in the United States and China, as well as globally.

### *Russian Invasion of Ukraine*

In February 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine and subsequently, the United States, United Kingdom and European Union announced sanctions against Russia. Given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it

is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

### *Israel-Hamas War*

On October 7, 2023, the Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The foregoing attack sparked an armed conflict, which is currently ongoing, between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war and which has created tremendous unrest and uncertainty in the region. A further expansion of the hostilities between Israel and Palestine could have significant international ramifications. The 2023 Israel-Hamas war could potentially have a significant adverse impact and result in significant losses to the Funds, including those described above in *"Russian Invasion of Ukraine"*. The ultimate impact of the Israel-Hamas war and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country, and the duration and severity of those effects is impossible to predict.

### *Custody, Banking and Other Financial Institution Risks*

The Funds, their portfolio investments and the Adviser will maintain funds with one or more banks or other depository institutions and will also rely on the services provided by one or more brokers and hedging counterparties ("financial institutions"), which may include US and non-US financial institutions, and may enter into credit facilities or have other financial relationships with financial institutions. The distress, impairment or failure of one or more financial institutions with whom the Funds, their portfolio investments and/or the Adviser transact may inhibit the ability of the Funds or their portfolio investments to access depository accounts, lines of credit or financial services at all or in a timely manner. In such cases, the Funds and/or the underlying funds may be forced to delay or forgo investments, to call capital when it is not otherwise desirable to do so, or pay fees and expenses in the event the Funds are not able to close a transaction, resulting in lower performance for the Funds. In the event of such a failure of a financial institution where the Fund or one or more of its portfolio investments holds depository accounts or relies on services, access to such accounts or services could be restricted. U.S. Federal Deposit Insurance Corporation ("FDIC") protection, in the case of banks, and the U.S. Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to financial institutions in other jurisdictions not subject to FDIC protection) and SIPC. In such instances, the Funds and their affected portfolio investments may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the financial institution and participate pro rata with other unsecured creditors in the residual value of the financial institution's assets. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets. The loss of amounts maintained with a financial institution or the inability to access such amounts or any services for a period of time, even if ultimately recovered, could be materially adverse to the Funds, their portfolio investments. One or more investors or the Adviser could be similarly affected and unable to fund capital calls, further delaying or deferring new investments, and/or resulting in defaults under applicable loan agreements. In addition, the Adviser may not be able to identify all potential solvency or stress concerns with respect to a financial institution or to transfer assets from one financial institution to another in a timely manner in the event a financial institution comes under stress or fails.

## *Cybersecurity Risks*

The Funds, their investments, and the Adviser are subject to risks associated with cyber incidents, including a breach in their, their affiliates, or third parties' cybersecurity. If a cybersecurity incident occurs, those parties could incur substantial costs, including those associated with investigation of the origin and scope of the incident, increasing and upgrading cybersecurity protections including administrative, technical, organizational and physical controls, investment losses from sabotaged trading systems, acts of identity theft, unauthorized use or loss of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information, losses associated with indemnification obligations to third parties, reputational damage, regulatory actions and legal risks. Further, cyber incidents affecting any of the Funds, their investments, or the Adviser have the ability to cause business disruptions and impact business operations, potentially for an extended period of time. Any such incident could expose such parties to civil liability, as well as regulatory inquiry and/or action and could lead to investors making redemptions from the Funds. In addition, investors could be exposed to additional losses as a result of unauthorized use of their personal information. Similar adverse consequences could result from cyber incidents affecting issuers of financial instruments in which the Funds or the underlying managers invest, counterparties with which the Funds or the underlying managers engage in transactions, governmental and other regulatory or self-regulatory authorities, financial markets operators, banks, brokers, dealers, insurance companies, software and cloud vendors, and other parties.

## *Artificial Intelligence*

The Adviser's ability to use, manage and aggregate data may be limited by the effectiveness of its policies, systems and practices that govern how data is acquired, validated, used, stored, protected, processed and shared. Failure to manage data effectively and securely may limit the Adviser's ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including artificial intelligence ("AI"). While the Adviser will under certain circumstances restrict certain uses of third-party and open source AI tools, such as ChatGPT, the Adviser's employees and consultants and a Fund's portfolio companies or underlying managers will under certain circumstances use these tools, which poses additional risks relating to the protection of the Adviser's and such portfolio companies' or underlying managers' proprietary data, including the potential exposure of the Adviser's or such portfolio companies' or underlying managers' confidential information to unauthorized recipients and the misuse of the Adviser's or third-party intellectual property, which could adversely affect the Adviser, a Fund or its portfolio companies or underlying managers. Use of AI tools may result in allegations or claims against the Adviser, a Fund or its portfolio companies or underlying managers related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information and failure to comply with open-source software requirements. Additionally, AI tools may produce inaccurate, misleading or incomplete responses that could lead to errors in the Adviser's and its employees' and consultants' decision-making, portfolio management or other business activities, which could have a negative impact on the Adviser or on the performance of a Fund and its portfolio companies or underlying managers. Such AI tools could also be used against the Adviser, a Fund or its portfolio companies or underlying managers in criminal or negligent ways. As the use and availability of AI tools has grown, the U.S. Congress and a number of U.S. federal and state agencies have been examining the AI tools and their use in a variety of industries, including financial services. These agencies have issued proposed or adopted a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI generally or AI's use in any industry in particular may alter, perhaps to a materially adverse extent, the ability of the Adviser, a Fund or its portfolio companies or its underlying managers to utilize AI in the

manner is has to-date, and may have an adverse impact on the ability of the Adviser, a Fund or its portfolio companies or underlying managers to continue to operate as intended.

### *Recent Regulatory Developments for Private Funds and their Advisers*

In recent years, the SEC has proposed and adopted, and continues to adopt, various changes to the rules relating to private funds and their advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the “Private Funds Rules”) under the Advisers Act specifically related to advisers of private funds.

The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. The Private Funds Rules, in addition to any other new rules adopted by the SEC, are expected to significantly impact the business of the Adviser and its affiliates, the Funds and/or their investments. As a result of the new rules, the Adviser will under certain circumstances be restricted or refrain from providing information regarding a Fund or an investor’s investment in such Fund in response to investor requests, including information regarding a Fund or an investor’s investment in such Fund that the Adviser might currently provide, or otherwise would have provided if not for the Private Fund Rules, in response to an investor’s request. Further, many provisions of the Private Funds Rules require the Adviser to make a variety of subjective determinations as to whether and how such rules apply to a Fund and the Adviser’s related obligations. The Adviser will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a Fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. The Adviser’s and a Fund’s compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. The Adviser also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Funds Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact a Fund’s reputation as well as its investment activities, thereby materially reducing returns to investors.

Several trade groups representing private fund managers have filed a legal challenge to the Private Funds Rules and other legal challenges to the Private Funds Rules may be forthcoming. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds.

### *Unique Investment Strategy*

The Adviser’s investment strategy has been developed based on the investment strategies of certain large foundations, trusts, endowments, and family offices with the goal of providing returns while mitigating risk. However, there can be no guarantee that the proposed investment strategy will be successful. Further, the Adviser’s investment classification strategy is inherently subjective and its dependence on underlying managers may result in inadvertent concentrations of the same or similar types of investments in the Funds, which may result in an under- or over-weighting of exposure to certain asset classes or risks. If the investment strategy does not succeed as planned, it is possible that the Funds will have poor investment returns or that the level of risk associated with an investment in a Fund will be higher than anticipated.

### *Competition*

The Funds will compete for investment opportunities with other established funds and investment organizations that have substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period. There can be no assurance that the Funds will be able to make investments on attractive terms or in accordance with its preferred timing.

#### *Limited Liquidity*

Significant portions of the Funds' assets are, and are expected to be, illiquid or subject to substantial limitations on liquidity. The Funds may not be able to readily dispose of such investments and, in some cases, are legally or contractually prohibited from disposing of such investments for a specified or indefinite period of time. For example, under certain market conditions, an underlying manager could be entitled to further reduce the liquidity of an underlying fund by, among other things, imposing certain restrictions or complete suspensions on withdrawals at the investment or underlying fund level. These reductions in liquidity may last for a prolonged period at a time when a Fund most requires liquidity and could have a material impact on a Fund's returns and ability to achieve its investment objectives.

Further, there can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Disposing of certain illiquid investments can involve time-consuming negotiation and legal expenses and it could be difficult or impossible for the Funds to sell such investments promptly at an acceptable price.

The illiquid nature of the Funds' assets also means that a withdrawing investor will not receive the full value, or any value, of its capital account immediately upon consummation of its withdrawal, unless otherwise determined by the Adviser in its sole discretion. All withdrawals will occur in accordance with the terms of the Partnership Agreements, including the right of SCHF to limit aggregate investor withdrawal, allocate underlying Fund assets (including obligations associated with unfunded capital commitments to portfolio investments) to liquidating sub-account(s) and to establish liquidating sub-account expense reserves. A withdrawing investor is generally not permitted, except as otherwise approved or required by SCHF in its sole and absolute discretion, to withdraw from illiquid investments unless and until such investments are realized or distributed, the timing of which cannot be anticipated with any certainty at the time of withdrawal. A withdrawing investor's remaining interests will be subject to different investment risks than the Funds' portfolios taken as a whole, including, but not limited to, increased concentration in individual investments.

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

#### *Distributions of Illiquid Assets*

Certain underlying funds have the right, and may elect to make, distributions in-kind, which may include distributions of illiquid securities and other instruments such as digital assets. The Funds may in turn elect to make in-kind distributions of these or other investments to their investors pursuant to the terms of their Governing Documents. There can be no assurance that the Funds or investors would be able to dispose of these investments or that the value of these investments will ultimately be realized.

#### *Valuation of Illiquid Assets*

Illiquid investments will generally be carried on the books of the Funds at fair value, determined in accordance with the valuation provisions set forth in the Partnership Agreements. The absence of a

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

While the Adviser strives to conduct adequate diligence on its managers, there can be no assurance that such diligence will be complete, and material losses as a result of corporate mismanagement, fraud and accounting and reporting irregularities are possible. Further, market volatility and the impact of significant regional global disruptions, including, for example, natural disasters, terrorist attacks, or an epidemic such as COVID-19, may delay or impact the ability of the Funds' underlying managers to value illiquid investments in a timely and/or reliable manner, which could impact the Funds' financial reporting and returns.

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

### *Reliance on Other Managers*

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

Finding, selecting, and investing with underlying managers is a complex process. In determining how to invest the Funds' capital in other private investment vehicles, the Adviser looks for managers whose investment strategies are expected to offer superior risk-adjusted returns, considering both objective information relating to such other managers (such as historical performance data) and subjective information. There can be no guarantee, however, that the Adviser's assessment of any manager will be accurate. In particular, there can be no assurance that past performance data or other objective or subjective information relating to such managers will provide any indication as to how private investment vehicles managed by such managers will perform in the future. Further, the Adviser may miss or misinterpret information during its due diligence. An underlying manager, its employees or its service providers could also be engaged in misconduct and/or regulatory non-compliance that the Adviser does not discover in its ordinary course due diligence and monitoring processes. While the Adviser will request information from each underlying manager, the type of information provided is generally in the discretion of the underlying manager and the Adviser will not always obtain all information requested, including as a result of confidentiality or other legal restrictions. Inability to receive complete information makes it more difficult to select, evaluate, allocate among, and assess the performance of underlying managers.

As a result of the Adviser's selection criteria for managers, underlying managers are likely to be dependent on the services of one or a limited number of key individuals. The loss of the services of any such individual could result in the impairment or loss of a Fund's investment.

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

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

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

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

Further, the Adviser and the Funds generally will not have any control over the management of the portfolio companies, other funds and investment vehicles in which the Funds invest, and the success of such investments generally will depend on the ability and success of the management of such vehicles. It is anticipated that the Funds will be purely passive investors, with little or no right to vote upon or otherwise control the principal activities of such vehicles. The Funds' strategy of investing with managers whose trading decisions the Funds do not control creates a variety of risks of which the following is a non-exhaustive list:

- Underlying managers take positions that are the opposite of positions taken by the Funds or other managers for the Funds.
- Underlying managers and the Funds have and will in the future compete for the same or similar opportunities.
- While the Adviser strives to evaluate its managers' investment selection, diligence processes and investment management strategies, there can be no assurance that such evaluation will be exhaustive or that a manager will follow its procedures as described. A manager's failure to conduct appropriate diligence on an investment could result in material losses.
- A number of underlying funds could obtain large positions in the same or related securities or other instruments, resulting in exposure to a higher than anticipated concentration of such investments in the Funds. Unfavorable performance of a small number of such investments could therefore have a substantial adverse impact on a Fund's performance. The Adviser has established procedures intended to monitor this risk, but there can be no assurance that such risk will be detected or that the Adviser will be able to rebalance the portfolio to mitigate it.
- An underlying manager or potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual

or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective.

### *Investments in Underlying Managers*

In addition to its investments in underlying funds, Funds also, from time to time, purchase an ownership stake in an underlying manager (including in general partners, management companies or other related entities) (each such underlying manager where a fund has an ownership stake, an "invested manager"). Where context permits throughout this Brochure, references to underlying managers should also be deemed to include invested managers. The Funds will be subject to risks specific to the distinct business and investment profile of each invested manager and each of their associated underlying funds and the underlying portfolio investments of such underlying funds. The success of invested managers and the Funds' investments in such invested managers will depend on the successful implementation of the respective investment strategies of the invested managers' underlying funds, the reputation and regulatory compliance of the invested manager and the alternative asset management industry generally and are subject to numerous and risks and uncertainties, including similar risks to those described above in "*Reliance on Other Managers*".

The Funds' investments in invested managers will be structured on terms negotiated by the Adviser in its sole discretion and may include participation by other parties in the ownership structure of an invested manager, including other investment managers. Subjective decisions made by the Adviser and/or any invested manager may cause a Fund and/or influence such invested manager or its underlying funds (and therefore indirectly a Fund to the extent of its interests therein) to incur losses, miss profitable investment opportunities or otherwise not maximize returns. The success of an invested manager is dependent on a variety of factors, including the expertise and experience of the investment professionals of the invested manager.

As noted above, such invested managers and their underlying funds are expected to have varied investment strategies and objectives; however the investment strategies and objectives of such invested managers and their portfolio investments could, from time to time, overlap with those of a Fund. Invested managers may invest in similar industries and sectors, or in the same portfolio companies and portfolio investments, as a Fund and there may be situations in which an invested manager invests in the same issuer as a Fund at the same or different levels of an issuer's capital structure. In other instances, an underlying fund could purchase securities from, or sell securities to, a Fund. Such transactions raise similar conflicts of interest to those described above in "*Investment in Other Funds and Managed Accounts*" and below in "*Conflicts with Respect to Related Party Transactions*" and the Adviser could be incentivized to choose a course of action that benefits an invested manager and/or an underlying fund and/or the underlying fund's portfolio investment at the expense of a Fund.

The Adviser's personnel expect to assist invested managers and their underlying funds with their fundraising and investment activities (including with deal sourcing and deal diligence). While a Fund holds the interest in an invested manager (and therefore support to the invested manager is support to a Fund investment), such assistance and support may consume a disproportionate amount of the Adviser's time and attention, to the detriment of the Adviser's ability to research, review and monitor a Fund's other investments.

The Adviser expects that its personnel will serve as directors or observers on the boards of invested managers or as observers on the investment committees of the invested managers, and may have other governance rights, by virtue of the governance agreements negotiated in connection with an



investment in an invested manager. However, a Fund may have limited and, in some or perhaps many cases, no opportunity to control the day-to-day operation of the invested manager and its underlying funds, including investment and disposition decisions as well as decisions relating to the investors in such underlying funds, or to protect a position in such underlying funds. The success will be substantially dependent upon the capabilities and performance of the invested managers who control their related third-party asset management firms (and the associated portfolio investments), and by extension the company management of the underlying portfolio investments, which will likely include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of a Fund. Adviser personnel serving as a director of an invested manager or serving, formally or informally, in other roles or providing other services to an invested manager subject the Adviser and its personnel to similar conflicts of interest detailed below in “*Conflicts with Respect to Other Activities.*”

The returns on a Fund’s investment in an invested manager will depend on the profitability of the invested manager, who will retain control over the operations, budgets, expenses, compensation and revenues of their firm and the structuring and terms of the investment funds they sponsor. It is possible that an invested manager may make decisions that prove to be detrimental to its performance or cash flows available for distribution to a Fund. For instance, the revenues of asset management and investment advisory businesses are highly dependent on advisory fee income and/or performance-based compensation. Such income and compensation would be reduced by an absolute decline in assets under management (e.g., as a result of a market decline or a loss of clients) or through the invested manager’s negotiations with prospective investors which could result in the invested manager offering such investors waivers or discounts on advisory fees and performance-based compensation. Furthermore, the governing agreements of underlying funds managed by the invested manager may provide for the early termination of investment periods or the removal of the general partner. Such an occurrence would likely impair the profitability of the invested manager and the corresponding return on a Fund’s investment.

Certain invested managers are expected to have relatively low levels of assets under management, limited history in managing investment vehicles and/or limited history in managing certain of the strategies expected to be deployed in their investment program. An investment by a Fund in such an invested manager entails additional risks. For example, such invested manager may not yet have established certain components of its business and operational infrastructure, may have infrastructure that has been newly established or may have fewer dedicated resources and less developed marketing and other capabilities when compared with more established managers that have higher assets under management. Such invested manager may also have less robust processes, procedures and controls to help address regulatory compliance and cybersecurity risks. Investments in such invested managers may involve greater risks than would be generally associated with investments in more established investment managers. Such newly formed invested managers may require more time and attention of the Adviser, which could limit the time the Adviser spends with regards to other Fund investments, and which increased time and attention will not necessarily result in improved investment performance.

A Fund’s investment in an invested manager and their portfolio investments may expose the Adviser and a Fund to public and regulatory scrutiny. In an industry that is reliant to a very large extent on reputation and regulatory compliance, regulatory non-compliance and misconduct by portfolio managers or employees of an invested manager, an invested manager’s portfolio investments, their portfolio companies or its third-party service providers could cause significant losses, directly or indirectly, to an invested manager’s portfolio investments and/or its portfolio companies and, consequently, to a Fund. In addition, portfolio managers, employees and third-party service providers of an invested manager or any portfolio investment may improperly use or disclose confidential

information, which could result in litigation or serious financial harm, including limiting a portfolio investment's business prospects or future marketing activities. Further, the financial services industry is subject to extensive regulation which directly affects the cost of doing business for an invested manager and any failure to comply with applicable laws or regulations could result in fines, censure, suspensions of personnel or other sanctions, including revocation of registrations as an investment advisor, with respect to any invested manager in which a Fund invests. Each of these risks could negatively affect any investments by a Fund in invested managers. There can be no assurance that any regulators and/or third parties will not pursue claims, examinations or investigations against a Fund and/or the Adviser based on its relationship with and ownership of an invested manager. To the extent a Fund invests in an invested manager with additional co-owners, such risks would also apply to the Fund and the Adviser based on the activities and actions of such co-owners.

By reason of their responsibilities in connection with the activities of an invested manager, certain personnel of the Adviser may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities raising similar considerations to those described in *Conflicts with Respect to Other Activities* below. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

For the avoidance of doubt, the offering of the interests in the Funds does not constitute a direct or indirect offering of interests in any invested manager. Investors in the Funds will not be limited partners of, or equity holders in, any invested manager, will have no direct interest in any invested manager and will have no voting rights in an invested manager or standing or recourse against any invested manager by reason of their investment in the Fund. Moreover, no investors will have the right to participate in the control, management or operations, or have any discretion over the management, of any invested manager by reason of their investment in the Funds. The provisions in the Funds' Governing Documents' relating specifically to affiliates do not apply to any invested manager or the funds or investment vehicles advised by an invested manager, even if a Fund, the Adviser, and/or the Adviser's personnel have significant economic interests and/or governance rights in such entities (or have agreed to a transaction that would cause such entities to become affiliated with a Fund or the Adviser in the future) and an investment in an invested manager generally would not trigger any review or consent provisions of a Fund's Governing Documents applicable to transactions with affiliates.

For the avoidance of doubt, the Adviser does not provide any investment advisory services to the investment funds or vehicles advised by an invested manager. References throughout this Brochure to "Funds," "Investment Vehicles," "Co-Invest Funds," and "Co-Invest Vehicles" shall not be deemed to include any investment funds or vehicles advised by an invested manager.

### *Investment Due Diligence*

The Adviser strives to conduct appropriate due diligence prior to making an investment for the Funds, however the due diligence process is subjective and may be undertaken on an expedited basis and/or on the basis of imperfect and/or limited information in order to take advantage of available investment opportunities. The due diligence process also requires the Adviser's personnel to rely on the limited resources available to them, including information provided by the target of the investment, an underlying manager, a co-investor, third-party consultants, legal advisers, accountants and investment banks, which may be imperfect or unreliable and will not be independently verified by the Adviser. As a result, the due diligence investigation may not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. The Adviser's due diligence investigations cannot ensure the success of the Funds' investments.

### *Litigation Risk*

Litigation can and does occur in the ordinary course of the management of investments. A Fund, the Adviser and/or their respective partners, managers, members, agents, employees and affiliates, and the members of the Board of Directors may be engaged in litigation both as a plaintiff and as a defendant. Such litigation can arise as a result of a portfolio investment's default of obligations, bankruptcy or other reasons. In certain cases, portfolio investments, their constituents or third parties may bring claims and/or counterclaims against a Fund, the Adviser and/or each of their respective affiliates, partners, members, agents, managers and shareholders, and the members of a Fund's Board of Directors and the investors represented by such members alleging violations of securities laws and corporate, contractual and other typical claims and counterclaims seeking significant damages. To the extent that (i) a Fund has not been able to protect itself through insurance, indemnification or other rights against a portfolio investment, (ii) a Fund is not entitled to such protections, or (iii) the portfolio investment is not solvent, the expense of defending against such claims and paying any amounts pursuant to settlements or judgments would be borne by such Fund pursuant to its indemnification obligations. The Adviser and its respective affiliates, partners, members, agents, managers and shareholders, and the members of a Fund's Board of Directors and the investors represented by such members will be entitled to indemnification by the Funds for such claims, subject to certain conditions. The outcome of any proceedings involving the Funds or their investments may materially adversely affect the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the Adviser's (and its key personnel's) time and attention, and that time and the devotion of resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

### *Multiple Layers of Fees and Expenses*

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

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

There will generally be no reduction in the Advisory Fees with respect to the portion of a Fund's capital that is invested in the underlying funds (except with respect to the Advisory Fees payable by investors in respect of Main Fund investments in certain Sequoia Affiliated Funds, as specified in the Main Fund's Governing Documents). Investments in any Sequoia Affiliated Fund other than those specified in the Main Fund's Governing Documents will continue to be subject to the Advisory Fee. Investors with Series B Interests in the Main Fund will remain subject to the Performance Allocation with respect to such Fund's investments in underlying funds, including but not limited to Sequoia Affiliated Funds. In addition, certain investments, or portions of such investments, rely in whole or in part on the ability of another party to make contractual payments to the fund or investment vehicle in the future. These investments may suffer losses if such counterparties default on their obligations.

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

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

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

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

### *Leverage*

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

Leverage is also embedded in certain derivative contracts, such as futures contracts. Futures contracts are typically traded on margin. This means that a small amount of capital can be used to invest in contracts of much greater total value. The resulting leverage means that a relatively small change in the market price of a contract can produce a substantial profit or loss. Like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested in that contract. A Fund may lose more than its initial margin deposit on a trade.

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

### *Tax Treatment of Carried Interest*

Non-corporate U.S. persons (including the owners of the Adviser) are subject to United States federal income tax on long-term capital gain at rates that are substantially lower than the rates applicable to ordinary income or short-term capital gain. In general, gain from the disposition of an investment of the Funds held for more than one year will be treated as long-term capital gain; however, gain in respect of the Adviser's Performance Allocation and/or carried interest will be treated as short-term capital gain unless a Funds holding period in the relevant investment is for more than three years.

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

The Tax Act does not, however, modify the treatment of allocations of qualified dividend income in respect of the Adviser's performance-based fees, and therefore these allocations will continue to qualify for the preferential tax rate for non-corporate persons. As a consequence, conflicts of interest may arise between the interests of the Adviser and the interests of the Funds' limited partners in connection with the Adviser's investment-related determinations. Such determinations include, but are not limited to, decisions with respect to the discovering, evaluating, developing, negotiating, structuring, making, acquiring, holding, carrying, restructuring, monitoring, managing, disposing and monetizing the Funds' investments. For example, the tax law gives the Adviser an incentive to cause a Fund to hold an investment for longer than three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years. Prospective investors should consider these potential conflicts in making their investment decisions and expect that the Adviser's determinations will be influenced, in part, by the tax treatment of capital gain in respect of the Adviser's receipt of the Performance Allocation and/or carried interest.

### *Benchmark Rate Risk*

Prior to June 30, 2023, payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may have had floating interest rates based on the London Inter Bank Offered Rate ("LIBOR"). LIBOR is an estimate of the interest rates to borrow U.S. dollars, sterling, euros and certain other currencies in the London unsecured interbank market, and was widely used as a reference for setting the interest rate on loans, bonds and derivatives globally. Consistent with prior announcements by the United Kingdom's Financial Conduct Authority ("FCA"), the representative settings for all Swiss franc, euro, British pound sterling, Japanese yen, and U.S. dollar LIBORs are no longer available as of June 30, 2023, while synthetic 3-month British pound sterling LIBOR and 1-, 3- and 6-month U.S. dollar LIBOR settings are expected to cease at the end of March 2024 and September 2024, respectively.

On March 15, 2022, the United States enacted the Adjustable Interest Rate (LIBOR) Act of 2021 ("LIBOR Act"). The federal LIBOR Act preempts similar state legislation (including that enacted in New York) and provides one national approach for replacing U.S. dollar LIBOR as a reference interest rate in certain contracts, including those with no fallback provisions or with fallback provisions that identify neither a specific replacement rate nor a "determining person" as defined in the legislation, once U.S. dollar LIBOR is no longer published or is no longer representative. The U.S. Federal Reserve (the "Federal Reserve") has adopted the final rule that implements the LIBOR Act, which established certain Secured Overnight Financing Rate ("SOFR")-based benchmark replacements for contracts governed by U.S. law that reference overnight and one-, three-, six- and 12-month tenors of U.S. dollar LIBOR that do not have suitable fallback provisions after June 30, 2023.

As a result of the transition away from LIBOR as a benchmark reference for interest rates, certain instruments held by the Funds may have floating interest rates based on SOFR or, if otherwise provided in the underlying contracts, other alternative benchmark rates.

### *Volatility*

A principal risk in certain of the trading contemplated by the Funds is the rapid fluctuation in the market prices of traded commodity contracts. Commodity prices can be extremely volatile and may be directly or indirectly affected by many factors, including changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, individual company and sector performance, population growth and changing demographics, and factors affecting a particular industry or commodity, such as drought, floods, or other weather conditions, livestock disease, trade embargoes, competition from substitute products, transportation bottlenecks or shortages, fluctuations in supply and demand, tariffs, and international regulatory, political, and economic developments (e.g., regime changes and changes in economic activity levels). In addition, some commodities are subject to limited pricing flexibility because of supply and demand factors, and others are subject to broad price fluctuations as a result of the volatility of prices for certain raw materials and the instability of supplies of other materials. Actions of and changes in governments, and political and economic instability, in commodity-producing and commodity-exporting countries may affect the production and marketing of commodities. In addition, commodity-related industries throughout the world are subject to greater political, environmental, and other governmental regulation than many other industries. Changes in government policies and the need for regulatory approvals may adversely affect the products and services of companies in the commodities industries.

### *Currency Exposure*

The Funds are expected to invest in securities denominated in foreign currencies, but interests in the Funds will be valued in United States dollars. As a result, the value of such interests in the Funds fluctuate with exchange rates, which, among other things, magnifies the impact of changes in the value of the Funds' assets denominated in their local currency. The Funds will also have substantial exposure to currency fluctuations with respect to ongoing obligations to make capital contributions to local currency-denominated underlying funds over a period of years. Although the Adviser may seek to mitigate the risks associated with the Funds' currency exposure through hedges or other risk management techniques, there can be no assurance that any such techniques will be attractively priced or provide adequate protection.

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

### *Regulations Governing Foreign Investment Enterprises*

The People's Republic of China (solely for purposes of this Brochure, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and the islands of Taiwan, the "PRC") has adopted a broad range of laws, administrative rules and regulations that govern the conduct and operations of companies in the PRC that receive capital investments from foreign investors (known as "Foreign Investment Enterprises" or "FIEs"), including the PRC Foreign Investment Law that became effective on January 1, 2020. These laws, rules and regulations provide some incentives to encourage the flow of investment into the PRC, but they also subject FIEs to a set of restrictions that may not always apply to domestic companies in the PRC. For example, FIEs are prohibited from participating

in certain industries and may only participate in certain other industries if they are at least partially-owned by domestic PRC investors. The rules and regulations restricting FIE participation in certain industries in the PRC are codified in the Foreign Investment Catalogue and the Foreign Investment Negative List, which are administered by the PRC Ministry of Commerce and its local branch offices (“MOFCOM”) and the PRC National Development and Reform Commission and its local branch offices (“NDRC”). The Adviser cannot provide any assurance that laws or regulations in the PRC will not restrict the Funds’ ability to invest in the PRC. Such Funds may be required to apply for PRC government approvals with respect to its purchase and/or disposal of any investment that consists of an equity investment in a PRC company. In certain industries there is no guarantee that such Funds will be able to obtain such approvals. Current PRC laws and regulations provide MOFCOM and other regulators with significant discretion to delay or restrict foreign investment for broad public policy reasons such as antitrust and national security. Further, MOFCOM has the power to require that the terms of an investment be altered as a precondition to approval. Altered terms can include the amount of ownership granted, as well as governance and liquidity rights. PRC regulatory authorities may cause delays or refuse to grant necessary approvals and the process of securing approvals may result in a level of expenses to such Fund which exceeds the level of expenses necessary to make investments of a similar nature in other jurisdictions. Under current PRC laws and regulations, the industries and businesses in which FIEs are prohibited or restricted to participate may include, without limitation, certain internet businesses, internet news information services, online publication services, online audio and video programs, business premises for internet-access services, and internet cultural business (excluding music), and services for internet information release by the public. Further, the Measures for the Security Review of Foreign Investments (the “Security Review Measures”) jointly issued by the NDRC and MOFCOM took effect on January 18, 2021. Under the Security Review Measures, investment activities by foreign investors that are either in certain particular industries (such as military industry, infrastructure, information technology and financial services) or in close proximity of military and military industry facilities may be subject to the review and approval of the PRC government on the grounds of national security. In those circumstances, there is no guarantee that such Funds will be able to obtain the approval in a timely fashion or at all.

As a “foreign person” under PRC laws, each such Fund is subject to the foreign ownership/investment restrictions discussed above. As a result, part of the businesses of investments in the PRC may be conducted through contractual arrangements with entities in which equity holders (including the Adviser) do not own any equity interests and instead have an indirect financial interest, known as Variable Interest Equity (“VIE”). VIEs and their subsidiaries hold the licenses, approvals and key assets that may be essential for the business operations of the applicable investments in the PRC. These contractual arrangements may not be as effective in providing control over the VIE and its subsidiaries as direct ownership. For example, the VIE may fail to take actions required for the operations of investments in the PRC despite its contractual obligation to do so. In addition, it cannot be assured that the VIE’s shareholders would always act in the best interests of the investments in the PRC and such Fund. If a VIE or its shareholders fail to perform their respective obligations under the contractual arrangements of which they are a party, the investments in the PRC and Fund may incur substantial costs and expend substantial resources to enforce its rights under the contracts. Such Fund may have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective.

In recent years, the PRC government has indicated on several occasions that it has been closely watching the use of the VIE structure and might decide to strengthen the supervision and regulation thereof in the future. Furthermore, there have been several precedents in which PRC arbitration tribunals deemed certain VIE agreements null and invalid because they, working as a whole, circumvented the PRC laws and regulations for guiding foreign investment. While the PRC Foreign Investment Law does not explicitly restrict VIEs, it has a catch-all provision under the definition of

“foreign investment” that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or provisions prescribed by the State Council of the PRC. The language leaves open the possibility of future laws and regulations that further specify contractual arrangements as a form of foreign investment, in which case it will be uncertain whether foreign investors’ VIE agreements in connection with businesses in restricted industries will be deemed to have violated PRC laws and regulations. If the PRC government indeed determines that the VIE structure adopted by such Fund’s portfolio companies for their business operations does not comply with PRC laws and regulations, the relevant governmental authorities would have broad discretion in dealing with such violation against the subsidiaries or the VIEs, including levying fines, confiscating income, revoking the business licenses or operating licenses, discontinuing or placing restrictions or onerous conditions on their operations, requiring costly and disruptive restructuring, and taking other regulatory or enforcement actions that could be harmful to their business. In addition, with regard to any transaction between subsidiaries and VIEs, the PRC taxation department may adjust the taxable revenue or income deriving from such transaction and impose additional taxes, penalties and/or fines on VIEs and/or subsidiaries, if it considers such transaction to not comply with the arm’s length principle. Any of these actions could cause significant disruption to the business operations of such Fund’s portfolio companies, that rely on the VIE structure, which would in turn materially and adversely affect their business, financial condition and results of operations.

### *Exposure to Digital Assets*

The Funds are indirectly exposed to, and may in the future themselves hold, digital assets. The Funds may also invest in operating companies whose business models are reliant on the availability of, or are significantly exposed to, digital assets (“Crypto Companies”). These investments are subject to additional risk beyond those associated with other currency, private or illiquid investments. Digital assets, including “blockchain” assets, digital “tokens” and “cryptocurrencies” and related derivative instruments, are part of a rapidly evolving industry that is subject to a high degree of volatility in value/price and regulatory uncertainty. Digital currency is not issued by any government, bank or central organization, but instead exists on an online, peer-to-peer, distributed network that acts as a public and immutable record of all transactions in the underlying digital currency.

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

Regulation of digital assets such as cryptocurrencies, digital assets derivatives, blockchain technologies, and digital assets-related exchanges is undeveloped and rapidly evolving, sometimes in an inconsistent “patchwork” of potentially conflicting and overlapping rules. Various regulatory, legislative and executive bodies in the United States and in other countries have adopted, and may in the future adopt laws, regulations, guidance, or other actions, which severely impact the development, adoption, utility, and growth of digital assets and severely restrict the right to acquire, own, hold, sell or use digital assets, or to exchange digital currencies for fiat currency. Such bodies could seek to regulate Crypto Companies, including digital assets-related exchanges, which could prevent Crypto Companies from continuing operations, resulting in a total loss of a Fund’s investment. Such actions may restrict the ability of the Funds’ portfolio companies, underlying managers, or, if the Funds hold such assets directly, the Funds to invest in, hold, or trade digital assets, and could result in a total loss of the investment in particular digital assets and Crypto Companies.

Further, digital tokens, a form of digital assets, have emerged as a new alternative channel for raising funds. These offerings, which are known as “initial coin offerings” or “ICOs” may be deemed to be the



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

The tax aspects of an investment in digital assets are complicated and each prospective investor should consult with professional tax advisers familiar with such prospective investor's specific personal tax situation and with the tax laws and regulations applicable to digital assets. The tax treatment of digital assets, including the timing and character of income and gain recognition on such assets, is, due to a lack of statutory, regulatory and case-law guidance, unclear for U.S. federal income tax purposes. For example, investments in digital assets could, under certain circumstances, cause the Fund, and therefore a non-U.S. investor, to be treated as "engaged in a trade or business in the United States" within the meaning of the Code and income and gain from such investments to be treated as effectively connected with such U.S. trade or business. As a result, the Fund may take positions with respect to certain tax issues in respect of digital assets which depend on legal conclusions not yet resolved by the courts. Should any such tax positions be successfully challenged by the U.S. Internal Revenue Service, a Limited Partner might be found to have a materially different U.S. federal income tax liability for that year than that reported on his or its federal income tax return.

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

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

Under the Advisers Act, SEC registered investment advisers are required to hold securities with "qualified custodians". Certain digital assets may be deemed to be securities. Currently, many digital asset custodial services may fall outside of the SEC's definition of "qualified custodian," and many long-standing, prominent qualified custodians do not provide custodial services for digital assets or otherwise provide such services only with respect to a limited number of actively traded digital assets. In addition, even when a qualified custodian is capable of taking custody of a digital assets, in certain

cases it may not support yield-generating options that are in the Funds' best interest to pursue. It likely will not be possible, either because of a lack of available policies or because of prohibitive cost, for the Funds to obtain insurance of any type that would cover losses associated with digital assets and any uninsured loss would cause the Funds to lose a portion or all of its assets.

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

Investors in the Funds have varying tax statuses, including U.S. taxable and tax-exempt investors and non-U.S. investors, and the Funds will invest in different investment opportunities, which are subject to different tax treatments. These diverse tax statuses will result in different tax treatment of investors in the Funds with respect to returns from investments made by the Funds, which will result in different after-tax returns among investors. For example, the Main Funds is expected to derive income from investments that may be treated as Effectively Connected Income (ECI) or Fixed, Determinable, Annual, or Periodical income (FDAP income), under the Code, which may result in increased entity-level tax (including as a result of an investment being made through an entity taxable as a corporation for U.S. federal income tax purposes with respect to certain investors to avoid certain adverse tax consequences therefrom) and tax withholding obligations for certain of its investment conduits, including those which are domiciled in foreign jurisdictions. These adverse tax consequences would be expected to reduce an investor's return on investment and will be disregarded for purposes of calculating the Performance Allocation payable to the Adviser or an affiliate of the Adviser, if any.

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

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

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

U.S. and non-U.S. tax laws are complex, and can change after a limited partner's investment in a Fund or after a Fund has invested its assets (which change may have retroactive effect). U.S. tax law is subject to additional complexity and its interpretation is subject to increased uncertainty as a result of recent legislation enacted on December 22, 2017 (the "Tax Act") implementing a broad-based reform of the Code. While the U.S. Internal Revenue Service has issued some guidance on the Tax Act, there remains substantial uncertainty regarding the interpretation of certain aspects of the Tax Act. Additionally, legislation enacted on March 27, 2020 (the "CARES Act") implements further (temporary) changes to the Code. Changes to the Code made by the Tax Act, the CARES Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. Non-U.S. tax laws, including tax treaties, could also change, which change may have retroactive effect. Each prospective investor should consult its own tax advisor with respect to tax issues related to, and the impact of potential changes in applicable tax laws on, an investment in a Fund in light of its particular tax situation.

### *Performance Allocation*

The right of the Adviser's affiliate to receive Performance Allocations with respect to Series B Interests may create an incentive for the Adviser to cause the Main Fund to make investments that are riskier or more speculative than would be the case if the Adviser was not entitled to such Performance Allocations. Similar considerations apply to receipt of carried interest from Co-Invest Funds and Co-Invest Vehicles. Also, since Performance Allocations are calculated on a basis that includes unrealized appreciation of the Fund's assets, Performance Allocations may be greater than if calculated solely on the basis of realized gains. Moreover, if realized gains turn out to be less than the unrealized appreciation on which any Performance Allocations were based, investors will not be entitled to a return of any portion of the prior Performance Allocations. In addition, changes to the Code enacted in the Tax Act could encourage the Adviser to cause a Fund to hold investments for longer than it otherwise would. Specifically, under the Tax Act, to the extent income allocated in respect of the Performance Allocations includes realized gains, those gains may be eligible for long-term capital gains treatment by the Adviser (and subject to tax at a lower rate) only to the extent that the Fund held the relevant assets for at least three years.

### *Co-Investing with Sequoia Affiliated Funds*

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

A Fund that is intended to co-invest with one or more other Funds managed by SCHF presents specific investment risks. See *"Conflicts with Respect to the Funds' Relationship with Sequoia Capital," "Conflicts with Respect to Related Party Transactions," "Conflicts Associated with Co-Investing with Other Funds"* and *"Conflicts with Respect to Allocation of Co-Investment Opportunities"* in Item 11, below, for more information on the risks and the conflicts associated with such co-investments.

### **Risks of the Main Fund**

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

#### *Long-Term Investment*

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

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

The Adviser's investment strategy requires the Main Fund to invest in a variety of asset classes and to allocate capital across multiple geographies and sectors. Creating and maintaining the appropriate balance in such a broadly diversified portfolio is difficult. The over-allocation or under-allocation of the Main Fund's capital to any particular asset class, geography, or sector could reduce the Main Fund's ability to produce returns for investors. The ability of the Main Fund to successfully allocate capital across such a broadly diversified portfolio will depend, among other things, upon the ability of the

members of the Adviser to: (i) understand the risks and returns of each of the potential asset classes, geographies, and sectors; and (ii) remain informed as the market landscape changes over time. Any return to the investors will also depend upon the successful implementation of the Main Fund's asset allocation strategy on an ongoing basis. There can be no guarantee that the Main Fund will be able to participate in any particular investment and risks described in more detail in this Brochure would make it difficult for the Adviser to pursue its strategy of creating broadly diversified portfolios for the Main Fund.

### *Changes in Environment*

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

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

The Adviser (together with its subsidiaries, as applicable) will have the exclusive right and authority (within limitations set forth in the Partnership Agreements) to determine the manner in which the Main Fund shall respond to such changes, and investors generally will have no right to demand specific modifications to the Main Fund's operations or investment strategy in consequence thereof. The investment sourcing, selection, management and liquidation strategies and procedures exercised by members of the Adviser in the past may not be successful, or even practicable, during periods of the Main Fund's term. Within the limitations set forth in the Partnership Agreements, the Adviser (together with its subsidiaries, as applicable) will have the right and authority to cause the Main Fund's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in the applicable PPM.

### *Limited Fund Liquidity*

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

### *Counterparty Risk*

In connection with certain hedging and commodities trading activities, the Main Fund will be exposed to the credit risk of the counterparties with which, or the brokers, dealers, and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. If any of the Main Fund's clearing brokers become bankrupt or insolvent, or otherwise defaults on its obligations to the Main Fund, the Main Fund may not receive all amounts owing to it in respect of its trading, despite the clearinghouse fully discharging all of its obligations. The Commodity Exchange Act of 1936, as amended (the "Commodity Exchange Act") requires a futures commodity merchant ("FCM") to

segregate all funds received from its customers with respect to regulated futures transactions from such FCM's proprietary funds. If the FCM were not to do so to the full extent required by law, the assets of an account might not be fully protected in the event of the bankruptcy of the FCM. Furthermore, in the event of an FCM's bankruptcy, the Main Fund would be limited to recovering only a pro rata share of all available funds segregated on behalf of an FCM's combined customer accounts, even though certain property specifically traceable to the Main Fund (for example, U.S. Treasury bills deposited by the Main Fund) was held by the FCM. FCM bankruptcies have occurred in which customers were unable to recover from the FCM's estate the full amount of their funds on deposit with such FCM and owing to them. Such situations could arise due to various factors, or a combination of factors, including inadequate FCM capitalization, inadequate controls on customer trading and inadequate customer capital. In addition, in the event of the bankruptcy or insolvency of an exchange or an affiliated clearinghouse, the Main Fund might experience a loss of funds deposited through its FCM as margin with the exchange or affiliated clearinghouse, a loss of unrealized profits on its open positions, and the loss of funds owed to it as realized profits on closed positions. Such a bankruptcy or insolvency might also cause a substantial delay before the Main Fund could obtain the return of funds owed to it by an FCM who was a member of such an exchange or affiliated clearinghouse. In addition, certain of the instruments which the Main Fund may trade are traded in markets in which performance is the responsibility only of the individual counterparty with whom the trader has entered into a contract and not of an exchange or clearing corporation. In such circumstances, the Main Fund will be subject to the risk of its counterparties' creditworthiness. The financial failure of, or refusal to perform by, any of the banks or dealers with which the Main Fund trades in these markets could result in substantial losses for the Main Fund, as the Main Fund will be dealing with such parties as principals. Furthermore, there is no requirement such parties may not be required to segregate Main Fund assets held by them with respect to such trading.

### *Rebalancing the Portfolio*

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

### *Risk Management*

Although managing risk is a principal element of the Adviser's overall investment strategy, the Main Fund is expected to make investments that, viewed in isolation, present very substantial risks. Rather, the Adviser will seek to manage risk across the Main Fund via a broad array of risk-offsetting techniques. There can be no assurance that the Adviser will be successful in avoiding excessive risk exposure in connection with the Main Fund's investments. The Adviser's ability to successfully manage risk will depend in significant part upon: (i) the ability of the members of the Adviser to accurately obtain and analyze relevant data to identify possible risks; (ii) the ability of the members of the Adviser to make appropriate adjustments to the Main Fund's asset allocations; and (iii) the availability and affordability of market vehicles to reduce risk (e.g., swaps, hedges, puts and insurance). If the Adviser is unable to identify the relevant risks or adjust the Main Fund's asset allocations to mitigate risks, or

if the cost of market vehicles to reduce risk is prohibitive, the Main Fund's investment performance could suffer.

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

In addition to the risk of loss and certain of the risks discussed above associated with investing in pooled investment vehicles, including those with long-term investment horizons and limited liquidity, certain of the Co-Invest Funds and Co-Invest Vehicles are also subject to the following risks:

#### *Concentration of Investments*

The portfolio of a Co-Invest Fund will be concentrated in a limited number of companies, real estate interests, or other entities, and a Co-Invest Vehicle will be concentrated generally in a single portfolio investment, generally increasing the vulnerability of such Co-Invest Fund's or Co-Invest Vehicle's portfolio as compared with a portfolio that is more diversified. In certain cases, a Co-Invest Fund or Co-Invest Vehicle could acquire majority or greater interests in portfolio companies or other entities, which could further increase the vulnerability of the portfolio. The Adviser will be under no obligation to achieve diversification.

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

Certain of the Co-Invest Funds and Co-Invest Vehicles are or will be formed to invest primarily in companies, real estate interests, or other entities that have received, or will simultaneously receive, investment from one or more other Funds. As a practical matter, this means that a Co-Invest Fund will invest solely to the extent that it has sufficient available capital (as determined by the Adviser in its sole discretion), and the Main Fund has satisfied its investment "appetite" and a Co-Invest Vehicle will participate solely to the extent that both the Main Fund and the Co-Invest Fund that is within its investment period have satisfied their investment appetites with respect to the applicable investment, with the consequence that, in this regard, a Co-Invest Fund's and Co-Invest Vehicle's investment interests are considered subordinate to the investment interests of the Main Fund.

It is difficult to predict exactly when investment opportunities will occur, but the Adviser expects that a Co-Invest Fund will typically make a number of investments and that there may be long periods between investments. Additionally, a Co-Invest Fund would expect to invest in less than all of the available opportunities. There is no guarantee that a Co-Invest Fund will be presented with many, or any investment opportunities and the Adviser may not encounter, during a Co-Invest Fund's investment period, excess investment opportunities that exceed the Main Fund's appetite. As a result, it is possible that certain of the Co-Invest Funds will invest only infrequently. A Co-Invest Fund may also participate in follow-on opportunities, which could be presented after the end of a Co-Invest Fund's investment period and which will generally be allocated subject to the same priority rights detailed above.

Please see "*Conflicts with Respect to Allocation of Co-Investment Opportunities*" in Item 11 for additional details on how the Adviser allocates co-investment opportunities.

#### *Capital Calls*

The nature of the Co-Invest Funds' and Co-Invest Vehicles' investment programs make the capital call schedule difficult to predict. In general, the Adviser expects that there will be several capital calls during the investment period of a Co-Invest Fund, but the pace will vary and there may be significant periods between capital calls. For a Co-Invest Vehicle, typically the Adviser expects that most of the committed

capital will be called upfront, although the Adviser retains the right to call additional capital, including for expenses, later in such Co-Invest Vehicle's term. Investors will have no assurance when their capital commitments will be called, and Co-Invest Funds and Co-Invest Vehicles will call capital in a less predictable manner than is typical for venture capital or other types of private investment funds. In order to respond to such unpredictability, investors may need to maintain a greater than average portion of their capital commitments in assets that can be readily converted into cash. Additionally, given the possibility that a Co-Invest Fund may not be presented with many or any investment opportunities, investors who have made a capital commitment to a Co-Invest Fund may not have the opportunity to invest all or a substantial amount of their capital commitment amount while, simultaneously, forgoing alternative investment opportunities they could have made instead.

#### *Availability of Sufficient Capital*

A Co-Invest Fund will be able to participate in an investment opportunity only to the extent that it has sufficient remaining capital to make the investment, as determined by the Adviser in its sole discretion. Once a Co-Invest Fund has utilized its available capital, the Adviser expects that such Co-Invest Fund will make no further investments, even if no other Co-Invest Fund has been raised or begun its investment period. In such circumstance, the Adviser, in its sole discretion, may allocate any excess investment opportunity of the Main Fund to a Co-Invest Vehicle without allocating any portion of such opportunity to a Co-Invest Fund. There can be no assurance that any investment opportunity presented to a Co-Invest Fund will be invested in by the Co-Invest Fund, and a Co-Invest Fund may need to pass on investment opportunities it may have otherwise invested in if the Co-Invest Fund does not have the necessary capital to make the investment. Additionally, even if a Co-Invest Fund has some amount of available capital, the Co-Invest Fund may pass on such investment opportunity if the amount of remaining capital is too small relative to the investment opportunity and other business considerations, as determined by the Adviser in its sole discretion. Such investment opportunities not invested in by a Co-Invest Fund may be invested in by other Investment Vehicles. If due to lack of sufficient capital, a Co-Invest Fund passes on a follow-on investment opportunity in a portfolio company where the Co-Invest Fund has an existing investment, and other Investment Vehicles and/or third parties proceed with an investment in such investment opportunity, the Co-Invest Fund will be diluted in its investment. The returns of a Co-Invest Fund may be negatively impacted as a result of any of the foregoing.

#### *Co-Invest Vehicles and Future Co-Invest Funds*

The Adviser expects to form Co-Invest Vehicles which may invest alongside a Co-Invest Fund in specific co-investment opportunities. Furthermore, the Adviser currently expects to raise additional Co-Invest Funds in the future and generally the investment periods of the future Co-Invest Funds will not overlap with those of the existing Co-Invest Funds. As detailed above, a Co-Invest Fund may participate in follow-on investment opportunities and while the investment periods of the Co-Invest Funds likely will not overlap, the Adviser may elect in its sole discretion to allocate certain follow-on investments that arise after the end of the investment period of a Co-Invest Fund to either such Co-Invest Fund, or to a future Co-Invest Fund. The Adviser expects that from time to time follow-on opportunities for which any Co-Invest Fund does not invest will be invested in by other Investment Vehicles. In making this determination, the Adviser may take into account allocation factors that include, but are not limited to, the level of capital commitments remaining in a Co-Invest Fund as well as the allocation factors detailed in "*Conflicts with Respect to Allocation of Co-Investment Opportunities*" in Item 11.

No investor in a Co-Invest Fund will have a right, entitlement or priority to invest in a Co-Invest Vehicle or a future Co-Invest Fund by virtue of making an investment in a Co-Invest Fund.

In addition, in the event that a Co-Invest Vehicle provides for a higher advisory fee or carried interest than a Co-Invest Fund, the Adviser will be incentivized to allocate less or none of an investment opportunity to a Co-Invest Fund (which would otherwise have allocation priority relative to the Co-Invest Vehicle) and more to the Co-Invest Vehicle.

#### *Restrictions on Withdrawals*

Unlike the Main Fund, the Co-Invest Funds and Co-Invest Vehicles are typically closed-end funds. Subject to the terms of the Governing Documents, investors in a Co-Invest Fund and Co-Invest Vehicle are generally not permitted to withdraw all or any portion of their capital. Investors in a Co-Invest Fund and Co-Invest Vehicle must be prepared to bear the risks of owning the Interests and contributing capital for an extended period of time.

#### *Limited Liquidity*

Substantially all of the Co-Invest Funds' and Co-Invest Vehicles' assets are expected to be illiquid or subject to substantial limitations on liquidity. A Co-Invest Fund or Co-Invest Vehicle may not be able to readily dispose of an investment, and its ability to transfer an investment may be subject to restrictions and certain consent requirements. Further, there can be no assurance that a Co-Invest Fund or Co-Invest Vehicle will be able to dispose of their investments at an attractive price or otherwise be able to effect a successful realization or exit strategy. Disposing of illiquid investments may involve time-consuming negotiation and legal expenses, and it may be difficult or impossible for a Co-Invest Fund or Co-Invest Vehicle to sell or otherwise dispose of its investments (either directly or indirectly) at an acceptable price.

Further, the Co-Invest Funds and Co-Invest Vehicles will be subject to the same restrictions on their ability to participate in certain investment activities more fully described in "*Conflicts with Respect to the Funds' Relationship with Sequoia Capital*" in Item 11 below.

In the event of the dissolution of a Co-Invest Fund or Co-Invest Vehicle, there can be no assurance that a Co-Invest Fund or Co-Invest Vehicle will be able to divest or otherwise dispose of its investments prior to making its final liquidating distributions, which may require the Co-Invest Fund or Co-Invest Vehicle to make in-kind distributions.

#### *Carried Interest*

As described in Item 6, the general partner of a Co-Invest Fund and certain Co-Invest Vehicles is typically entitled to receive carried interest distributions from the Co-Invest Fund or Co-Invest Vehicle pursuant to its Governing Documents. This may create an incentive for the general partner to cause the Co-Invest Fund or Co-Invest Vehicle to undertake activities that are riskier or more speculative than would be the case if the general partner were not entitled to such carried interest distributions. In addition, changes to the Code enacted in the Tax Act could encourage the general partner to cause a Co-Invest Fund or Co-Invest Vehicle to hold investments for longer than it otherwise would. Specifically, under the Tax Act, to the extent income allocated in respect of the carried interest distributions includes realized gains, those gains may be eligible for long-term capital gains treatment by the general partner (and subject to tax at a lower rate) only to the extent that a Co-Invest Fund or Co-Invest Vehicle held the relevant assets for at least three years.

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



Unlike the Main Fund, which has no set investment period, the investment period for each Co-Invest Fund is set forth in its Partnership Agreement. With the exception of follow-ons, opportunities offered to each Co-Invest Fund are generally limited to those for which the Adviser's investment team made a final investment decision for the Main Fund during the applicable Co-Invest Fund's investment period and co-investment allocations are made in the Adviser's sole discretion. As a result, other Investment Vehicles (including future Co-Invest Funds) may make additional investments in a portfolio company of a Co-Invest Fund, without the Co-Invest Fund participating in such additional investment. As a result, other Investment Vehicles may acquire securities or other interests that are senior, whether economically or otherwise, to the interests held by such Co-Invest Fund. Participation by other Investment Vehicles in such additional investment opportunities would result in dilution of such Co-Invest Fund's interests in a particular investment, which raises conflicts described in "*Conflicts with Respect to Related Party Transactions*" in Item 11. If assets are insufficient for distribution to all equity holders upon the liquidation of an investment, this could result in a partial or total loss for a Co-Invest Fund that is not experienced by the other Investment Vehicles. Returns to Investment Vehicles can differ as a result of a variety of factors, including, but not limited to, terms and timing of investment.

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

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

Item 9 is not applicable to the Adviser.

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

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

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

##### ***Board of Directors***

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

Members of the Board of Directors are invested, either directly or indirectly, in one or more of the Funds and a member of the Board of Directors, as discussed in Item 11, is affiliated with entities that own a portion of the Adviser and entities in which the Funds hold investments.

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

### *Affiliated Advisers*

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

The Adviser is affiliated with the following advisers:

- SCGE Management, L.P.: a U.S. registered investment adviser with the SEC.
- Sequoia Capital Operations, LLC: a U.S. registered investment adviser with the SEC.
- Sequoia Capital Europe LLP: a foreign advisory affiliate located in the United Kingdom.

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

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

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

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to every officer or partner of the Adviser (and every other person occupying a similar status or performing similar functions); every other employee of the Adviser; every other person (i) who is subject to the Adviser's supervision and control and (ii) who provides investment advice on behalf of the Adviser; and every member of the Board of Directors of the Adviser who (i) is a director, officer, employee or partner of any other Sequoia Capital entity and (ii) has access to nonpublic information regarding the Investment Vehicles' purchase or sales of securities. The Code of Ethics, which is designed to comply with Rule 204A-1 under the

Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser personnel and their families and households are permitted to purchase investments for their own accounts, subject to the Code of Ethics.

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

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

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

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

### **Conflicts of Interest**

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

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

#### *Resolution of Conflicts*

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

- The Adviser will consider the appropriateness of an investment from the viewpoint of the applicable Funds;
- Many conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant Governing Documents;
- The Adviser has established a Compliance Committee consisting of the Managing Members, the Chief Compliance Officer, the Chief Operating Officer, Chief Information Security Officer,

and the Chief Financial Officer (the “Compliance Committee”). The Compliance Committee will assess new or potential conflicts as deemed necessary and appropriate and will be authorized to grant waivers, establish new procedures, or amend existing procedures as warranted;

- Where the Adviser deems appropriate, unaffiliated third parties will be used to help resolve conflicts;
- Under certain of the Partnership Agreements, certain transactions that involve conflicts of interest between the Adviser and the Funds are submitted to the Boards of Directors of the Funds (the “Board of Directors”) for resolution. However, the Board of Directors will not necessarily represent the interests of all the investors and the members of the Board of Directors are themselves be subject to various conflicts of interest described in this Item 11 and elsewhere in this Brochure; and
- Prior to subscribing for interests in the Funds and as deemed appropriate by the Adviser thereafter, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Funds in the Funds’ Governing Documents, which may be updated from time to time.

In certain instances, conflicts of interest will be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives. While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. Fund investors may not be entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

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

The Funds will make investments in, or otherwise enter into transactions with other issuers, affiliated funds, investment funds or accounts managed or sponsored by the Adviser or its affiliates (including the Investment Vehicles), Fund investors or their affiliates and members of the Board of Directors and their affiliates (collectively with the Funds, the “Related Parties”). These investments include, but are not limited to, investments in and alongside Sequoia Affiliated Funds. A Fund’s investment in these vehicles can result in investment management and/or performance-based fees paid to such Related Parties, which are charged to the Fund and can enhance the profitability of the Related Party’s own investments.

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

Funds are expected to, at times invest in conjunction with an investment by one or more Related Parties (including another Investment Vehicle), or in a transaction where a Related Party (including another Investment Vehicle) has already made an investment. Conflicts may arise in connection with such investments. In connection with these and other transactions, Related Parties and their affiliates from time to time receive transaction fees, break-up fees, directors' fees or other compensation from investments made by the Investment Vehicles and/or Related Parties of the Funds, and the Investment Vehicles will not be entitled to any such compensation. Further, investment opportunities are from time to time appropriate for more than one Related Party at the same, different or overlapping levels of an issuer's capital structure. Conflicts arise in determining the terms of investments, particularly where these Related Parties may invest in different types of securities in a single issuer. In the event that one Related Party has a controlling or significantly influential position in an issuer, including different contractual rights, it may or does have the ability to control the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Related Party is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Related Parties that have invested in the same issuer and do not have the same level of control or influence over the issuer.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Related Parties may or may not provide such additional capital, and, if provided, a Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict arises in allocating an investment opportunity if interests in the potential investment target could be acquired by either a Fund or Related Party. In the event one Related Party is unable to fund its share of additional capital (e.g., in the event such Related Party does not have sufficient available capital), the other Related Party (including a Fund) may be obligated to fund more than its share of such amount. In such event, one Related Party will gain greater exposure to such investment than may have been intended and the other Related Party will be diluted in such investment. The returns of a Fund may be negatively impacted as a result of the foregoing. Investments by more than one Related Party in an issuer also raises the risk of using assets of a Fund of the Adviser or its affiliates to support positions taken by other Related Parties. In addition, there may be differences in timing of entry into, or exit from, an issuer for reasons such as differences in strategy, existing portfolio or liquidity needs. Where more than one Related Party invests in the same issuer, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, a Fund may realize different returns as compared to the same investment held by another Fund or other Related Party. These variations in timing may be detrimental to a Fund.

In certain circumstances, if a Fund and a Related Party is participating in an investment, a Fund may bear more than its pro rata share of expenses relating to such investment if the other Related Party does not have the resources to bear such expenses (including, for instance, as a result of insufficient reserves and/or the inability to call capital to cover such expenses).

In such circumstances described above, the Adviser could take steps to reduce the potential conflicts of interest between the Funds and various Related Parties, including causing a Fund to take certain actions that, in the absence of such conflict, it would not take (e.g., a Fund may divest itself of an asset it otherwise may have retained, certain matters may be referred to the Board of Directors or a third-party, or a Fund may only invest in securities that seeks to align the interests with other investing Related Parties). Any such steps could have the effect of benefiting a Related Party or the Adviser at the expense of another Fund.

From time to time, a Fund will make investments in portfolio companies or issuers in which another Fund has previously invested by exercising certain rights (e.g., pre-emptive rights, options, warrants, and other contractual rights) that were obtained and negotiated for by the original investing Fund in connection with a previous investment in the applicable portfolio company or issuer. Such investments may create conflicts of interest, including where other parties have the opportunity to benefit from rights and options that were negotiated by a Fund, as in most cases, no consideration will be paid to the original investing Fund.

Conflicts of interests also arise relating to members of the Board of Directors. Independent members of the Board of Directors are employed by the underlying managers and an issuer in which the Funds are invested, and in the future other independent members of the Board of Directors may be employed by or otherwise affiliated with one or more managers or entities with whom the Funds chooses to invest (including through investments in private funds or other investment vehicles managed by such managers), any issuer in which the Funds chooses to invest, or other investment funds with whom the Funds chooses to co-invest. Any such relationship creates a potential conflict of interest. For example, an otherwise independent director may be influenced by his or her employer's desire to establish or maintain an investment relationship with the Funds. The independent members of the Board of Directors do not participate in, or approve, the decision to make any particular investment or investments with any particular manager; however, there can be no assurance that conflicts of interest relating to members of the Board of Directors will not have a detrimental impact on the Funds.

Adviser personnel have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described herein) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. The fees for services provided by such service providers may or may not be at the same rate charged by other third party service providers and the Adviser is not required to select service providers who may have lower rates (or to engage in any benchmarking of such fees). In most such circumstances, the Funds' Governing Documents will not preclude Funds from undertaking any of these investment activities or transactions.

From time to time, Adviser personnel may invest in funds or other entities owned or managed by limited partners of a Fund, which could incentivize such Adviser personnel to afford the limited partner preferential or favored treatment, such as, for example, increased access to co-investment opportunities, and could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing portfolio investments.

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

From time to time, the Funds subscribe for limited partner interests in funds managed by Sequoia Capital, Hong Shan, formerly known as Sequoia Capital China, Peak XV, formerly known as Sequoia Capital India or any of their affiliates. If the Funds make such an investment, investors in the Funds will indirectly bear the expenses, carried interest, and fees associated with the investment in the Sequoia Affiliated Funds, some of which fees and expenses will be paid to affiliates of the Adviser, unless such fees are waived by such affiliate in each instance. To mitigate this potential conflict of interest, Main Fund investors will not pay any Advisory Fees in respect of the Main Fund's investments in certain Sequoia Affiliated Funds (as specified in the Main Fund's Governing Documents), though

Main Fund investors will pay Advisory Fees in respect of the Main Fund's investments in other underlying funds, including but not limited to other Sequoia Affiliated Funds beyond those specified in the Main Fund's Governing Documents. In addition, Main Fund investors with Series B Interests will remain subject to the Performance Allocation with respect to the Main Funds' investments in underlying funds, including but not limited to Sequoia Affiliated Funds. Accordingly, the Adviser will have an incentive to cause the Funds to invest in Sequoia Affiliated Funds as such investments would provide SCHF and its affiliates an opportunity to receive certain Advisory Fees and a Performance Allocation with respect to such investment while Sequoia Capital, Hong Shan, formerly known as Sequoia Capital China, Peak XV, formerly known as Sequoia Capital India, each of their affiliates (and certain members of SCHF) also receive fees and carried interest with respect to the Funds' investment. See also "*Conflicts with Respect to Sequoia Principals and Investments in Sequoia Affiliated Funds*" below.

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

Principals and former principals of Sequoia Capital and their related entities (the "Sequoia Principals") have invested an amount representing a substantial share of the Adviser's assets under management and certain members of the Board of Directors are or were Sequoia Principals. It is expected that (i) the Funds will invest in one or more Sequoia Affiliated Funds in which the Sequoia Principals hold direct or indirect management/economic interests and (ii) the Sequoia Principals generally will be entitled to receive direct or indirect management fees and carried interest in respect of such Sequoia Affiliated Funds. Further, the Sequoia Principals that have invested in the Funds may elect not to participate in any of the Funds' investments in the Sequoia Affiliated Funds. As discussed above, certain fees will be waived with respect to the Funds' investments in the Sequoia Affiliated Funds. Limited partners generally have no right to object to any investment by a Fund in any Sequoia Affiliated Funds, or to the fact that management fees and carried interest may be received in respect of a Sequoia Affiliated Fund by one or more of the Sequoia Principals that are themselves limited partners and/or members of the Board of Directors. Without limitation on the foregoing, the Funds may compete with Sequoia Affiliated Funds for investment opportunities, capital, professional services, or otherwise.

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

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

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

In addition, Sequoia Capital and its affiliates and Sequoia Affiliated Funds regularly obtain and possess non-public information regarding various companies, publicly traded securities and other investment opportunities. SCHF, Sequoia Capital, and their affiliates have from time to time maintained information barriers to restrict the transfer of investment information between or among certain personnel of the Adviser and certain of its affiliates, which will reduce communication between the Adviser and certain of the affiliated advisers listed in Item 10. Accordingly, the Adviser and the Funds

do not have access to or the opportunity to benefit from any such information from any party that is on the other side of the an information barrier, and such restrictions may ultimately be detrimental to a Fund's performance. There can be no assurance that additional restrictions will not be imposed in the future that would further limit the ability of a Sequoia Capital affiliate to share information with the Adviser and vice versa.

To the extent an information barrier has not been implemented, to prevent the misuse of material non-public information about public companies and publicly traded securities, SCHF, Sequoia Capital, and their affiliates impute such information possessed by one fund or fund affiliate to all investment professionals, funds, and fund affiliates, including the personnel who make investments for the Investment Vehicles. As a result, with respect to Sequoia Capital affiliates that are not on the other side of an information barrier from SCHF, if a Sequoia Capital affiliate or SCHF (i) possesses non-public information with respect to a public company or publicly traded security, (ii) is subject to trading "windows" or other similar restrictions, (iii) possesses non-public information about the actions or anticipated actions of a Sequoia Capital affiliate in relation to such public company or publicly traded security, or (iv) enters into a confidentiality and/or "standstill" agreement, the Adviser may be restricted in its ability to assess or participate in transactions involving the applicable issuer or security (including the sale of existing investments in the applicable issuer). Similar restrictions would be implemented in the event that there is a breach of an information barrier or personnel of the Adviser and certain of its affiliates have agreed to "cross" an information barrier. The Adviser will also encounter conflicting duties to, or will have an incentive to avoid taking actions that would impede the operation of, Sequoia Capital and its affiliates. As a result, certain of the Investment Vehicles (i) have been, and may in the future be, restricted in their ability to participate in transactions involving the applicable issuer or security or (ii) could decline to receive non-public information or pursue an investment opportunity that would prevent another Sequoia Capital affiliate, Sequoia Capital Fund, or Investment Vehicle from trading securities of an issuer.

The inability to sell securities of such issuers in the foregoing circumstances could materially and adversely affect the investment results of an Investment Vehicle, including, but not limited to differing results than those obtained by a Sequoia Affiliated Fund with respect to the same investment.

Sequoia Capital is not a unitary enterprise, but rather is a collection of related individuals and entities partially bound together by overlapping interests, activities and branding. Investors should look only to the actual members of the Adviser for the management of the Funds. Other individuals and entities that are part of Sequoia Capital generally will have no authority to participate in the management of the Funds and no obligation to provide the Funds with any specific benefits. Moreover, such individuals and entities are legally prohibited from providing certain types of benefits to the Funds and often will have duties and interests that conflict with those of the Funds. Accordingly, investors are cautioned against relying on any specific benefits attributable to formerly or currently being a part of the Sequoia Capital family of entities, or operating under a name associated with Sequoia Capital, and should not assume that any such benefits that may arise will have a material impact upon the Funds' performance.

On June 6, 2023, Sequoia Capital announced that it was in the process of transitioning to a new business model whereby Hong Shan, formerly known as Sequoia Capital China, Peak XV, formerly known as Sequoia Capital India, and each of their affiliates will be fully independent from Sequoia Capital. As such, such entities will no longer share overlapping interests, activities or branding, and the Adviser and the Funds will no longer be able to benefit from relationships with such entities. Specifically, the Adviser and the Funds will no longer be able to benefit from information possessed by such entities, including information about existing investments made by the Funds. To the extent that a Fund is investing in, or alongside, vehicles managed by such entities, the inability to obtain such information may ultimately be detrimental to a Fund's performance.



### *Conflicts Associated with Co-Investing with Other Funds*

The portfolio companies of one Investment Vehicle will, from time to time, be companies in which one or more other Investment Vehicles has, have or will have an indirect interest, creating a variety of inherent conflicts of interest for the Adviser and its affiliates. For information on resolving conflicts with Sequoia Affiliated Funds, see “*Conflicts with Respect to the Funds’ Relationship with Sequoia Capital*” and the other items discussed in this Item 11.

Because the Adviser serves as the general partner of the Main Fund, the Co-Invest Funds and the Co-Invest Vehicles, members of the Adviser will be subject to a variety of conflicts of interest arising from their indirect duties to, and pecuniary interests in, the Investment Vehicles. For example, members of the Adviser will have a financial incentive to support the interests of other Investment Vehicles by allocating investments away from an Investment Vehicle so that other Investment Vehicles can invest in those opportunities or by causing an Investment Vehicle to invest in a portfolio company on terms less favorable than it might otherwise obtain or by causing an Investment Vehicle to exercise its rights as a holder of securities of a portfolio company in a manner that minimizes harm to the other Investment Vehicles. In particular, members of the Adviser may be incentivized to cause one Investment Vehicle to provide capital to a portfolio company to maximize the likelihood that such portfolio company will survive, and thereby return all or a portion of the other Investment Vehicles’ investment, even though such Investment Vehicle invests or manages its investment on unattractive terms. In any such case, the profitability of an Investment Vehicle’s investment will generally be substantially reduced. The Co-Invest Funds and Co-Invest Vehicles will generally seek to identify and disclose conflicts of interest to investors, to the extent such conflicts can be reasonably identified, in connection with the offering of interests in the Co-Invest Funds and Co-Invest Vehicles.

### *Conflicts with Respect to Cross Transactions*

Cross trades occur when the Adviser or an investment advisory affiliate transfers securities from one client account to another in exchange for cash without the use of an unaffiliated broker-dealer to facilitate the transaction. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. The Adviser engages in cross trades with respect to the Funds to the extent permitted in the Funds’ Governing Documents or disclosed to the Funds’ investors. Otherwise, the Adviser does not permit cross trades with respect to the Funds.

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

### *Conflicts with Respect to Principal Transactions*

A principal transaction is a transaction in which the Adviser or an affiliate purchases securities into or sells securities from its own account. A securities transaction with any account controlled by an Adviser

affiliate would be considered a principal transaction. Principal trades directly between the Funds, on the one hand, and the Adviser and/or its affiliates (including other affiliated funds and Sequoia Capital), on the other hand, are, will be conducted in compliance with applicable regulations.

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

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

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

Allocations of opportunities to any Co-Invest Fund or Co-Invest Vehicle will be made in a manner that is consistent with the Governing Documents of the applicable Investment Vehicles, including the Main Fund.

In addition, the Managing Members will comply with an “MM Personal Investment Policy” adopted by the Adviser with respect to the Main Fund, subject to waiver by the Board of Directors. This policy is also included in the Adviser’s Code of Ethics, which is available to any client or prospective client upon request by contacting the Chief Compliance Officer of the Adviser at the address provided on the cover of this Brochure. The policy addresses certain permitted personal investment activities.

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

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

Under certain circumstances, members or affiliates of the Adviser make investments separate and apart from, or alongside with, the Funds. As set forth in the Partnership Agreements, the Adviser

and its members are permitted to manage other investment funds and similar vehicles (including vehicles that co-invest with the Funds) during a Fund's term, any of which may compete with the Funds for investment opportunities, management time and attention, or otherwise. Under certain circumstances, the Funds invest in companies in which members of the Adviser have a pre-existing interest or subsequently acquire an interest via different investment funds or other means. Among other considerations, when members of the Adviser hold interests in portfolio companies other than through the Funds, those interests may substantially differ from the Funds' interests in such companies due to differences in liquidation preference, voting rights or other investment terms. This would result in such members having personal investment interests that directly conflict with the interests of the Funds. Conflicts of interest are not limited to Adviser members who are investment professionals. They extend to all affiliated personnel, including finance, compliance and other back-office staff of the Adviser and its affiliates.

The Adviser, its affiliates, and members, directors, officers, principals and employees of the Adviser and its affiliates from time to time buy or sell securities or other instruments that the Adviser has recommended to Funds. Directors, officers, principals and employees of the Adviser from time to time also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, the investing Adviser personnel will not share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity.

Provisions contained within the Partnership Agreements that authorize the Adviser or its members to engage in investment, management or other activities outside, or alongside with, the Funds, or to cause the Funds to make investments (or otherwise approve transactions) in respect of which members of the Adviser have conflicting interests, will override certain common law and statutory fiduciary duties that would apply in the absence of such provisions and (in particular) may place the Funds' investors in a materially less favorable position than if the Adviser and its members engaged in no activities other than managing the Funds or were otherwise subject to unmodified fiduciary duties to the Funds and the Funds' investors. For example, such provisions may enable the members of the Adviser to direct attractive investment opportunities to persons other than a Fund or to place themselves in a conflict situation pursuant to which they are incentivized to exercise voting rights in respect of specific portfolio investments in a manner that harms a Fund but benefits other investment funds/persons with which such members are associated. The Partnership Agreements contain certain protections for the Funds' investors against conflicts of interest faced by the Adviser and its members, but those protections will be strictly limited to their terms and do not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for the Funds' investors to subject the behavior of the Adviser and its members to close scrutiny. In particular, the Partnership Agreements specify a variety of circumstances in which the Adviser and its members may subject themselves to conflicts of interest, or engage in actual transactions that conflict with the interests of the Funds, without providing specific notice thereof to the Funds or the Funds' investors. Except to the limited extent specifically provided in the Partnership Agreements, neither the Adviser nor its members or affiliates will have any obligation to alter their own investment activities or the activities of any other investment fund in order to protect or promote the interests of the Funds.

From time to time, members or employees of the Adviser and its affiliates are permitted to serve as directors, council members or advisory board members or act in other roles unaffiliated with the Funds, including but not limited to, on boards of charitable and educational institutions and their endowments, public companies and other investment advisers, which give rise to conflicts of interest. Certain other of these entities for which members or employees of the Adviser and its affiliates serve

on boards or act in other roles unaffiliated with the Funds, from time to time, have business dealings with a Fund or the Adviser including, but not limited to, participating as an investor in a Fund, co-investing with a Fund on a deal-by-deal or continuing basis, participating in other transactions alongside a Fund, or a Fund investing in funds managed by any such other investment advisers. Such relationships can create an incentive for such members or employees to favor the interest of such other entities. For example, such a member or employee serving as a director to another investment adviser that manages funds that compete with a Fund and/or that periodically co-invest with a Fund may provide advice to such other adviser that, if successfully implemented, could in turn be detrimental to the Fund. In addition, such role can create conflicts of interest with respect to devotion of time to the Funds, as such member or affiliate may have time commitments to such other organizations. In the course of any such board service, such members or employees can in certain cases receive information with respect to a Fund's current or prospective investments or other issuers. In such circumstances, the Fund may be prohibited by law, policy or contract, for a period of time, from (i) investing in certain assets or categories of assets, or pursuing certain investment opportunities, (ii) selling an investment and (iii) taking any larger position in an existing investment. Such restrictions can have a determinantal impact on the Fund's performance.

Members or affiliates of the Adviser may enter into (or have entered into) non-competition or similar agreements that effectively preclude a Fund from taking advantage of certain investment acquisition or disposition opportunities or otherwise adversely impact the Funds.

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

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

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

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

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

#### *Conflicts with Respect to Allocation of Co-Investment Opportunities*

Co-investment opportunities will be allocated in accordance with the terms of the Governing Documents of the Funds, including the Main Fund, or, to the extent not addressed in such Funds' Governing Documents, in accordance with the following paragraphs. With respect to co-investments with existing Funds, including the Main Fund, the Adviser expects that it will from time to time

determine that it is desirable for all or any portion of an investment opportunity that would be appropriate for the applicable Funds to be purchased instead by other parties, including without limitation participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio investment, certain strategic investors, and other co-investors, including but not limited to other third parties or affiliates of the Adviser and personnel of the Adviser or its affiliates, pursuant to the procedures included in such Funds' Governing Documents. It is expected that from time to time the Adviser will determine, for strategic or other reasons, the amount that could have otherwise been invested by a particular Fund will be instead allocated to one or more co-investors, Co-Invest Funds or Co-Invest Vehicles (including those through which personnel of the Adviser or its affiliates invest alongside the Funds).

The Adviser has established, and in the future expects to establish, one or more Co-Invest Funds which are intended to pursue multiple co-investment opportunities generated in connection with the Main Fund. The Adviser generally expects to form only one Co-Invest Fund at a time and, accordingly, Co-Invest Funds will not typically have overlapping investment periods. In addition, Co-Invest Vehicles are from time to time formed to make investments alongside the Main Fund and the Co-Invest Funds. Co-Invest Funds and Co-Invest Vehicles generally act as "spill over" vehicles such that the Co-Invest Fund that is within its investment period will participate solely to the extent that it has sufficient available capital and the Main Fund has satisfied its investment appetite with respect to each applicable investment, each as determined by the Adviser in its sole discretion, and a Co-Invest Vehicle will participate solely to the extent that both the Main Fund and the Co-Invest Fund that is within its investment period have satisfied their investment appetites with respect to the applicable investment, each as determined by the Adviser in its sole discretion. As a result of rebalancing and shifting asset allocations, a determination that any Fund has no additional appetite for any investment as of any given date will not determine the allocation of additional capacity of the investment in the future. The election of any Fund to participate or not participate in a given investment opportunity will not prevent or ensure the right of any Fund to participate in any future opportunities with respect to such investment. Following the end of its investment period, a Co-Invest Fund will generally not be allocated any new investment opportunities, however, for the avoidance of doubt, a Co-Invest Fund may close an investment following its investment period if the Adviser's investment team made the final investment decision (e.g., via formal Investment Committee approval or a final Investment Committee memo) prior to the end of the investment period. Furthermore, subject to the priority rights detailed above, a Co-Invest Fund may be allocated all or part of a follow-on opportunity arising after its investment period if such Co-Invest Fund participated in the original investment (or made the final investment decision to invest in the original investment) during its investment period. In such circumstance, the Co-Invest Fund that is within its investment period at the time of such follow-on investment likely will not be allocated any such follow-on investment opportunity.

Co-Invest Funds and Co-Invest Vehicles typically do not pay Advisory Fees but future Co-Invest Funds and/or Co-Invest Vehicles may do so. The payment by a Co-Invest Fund or a Co-Invest Vehicle of advisory fees and carried interest gives an incentive for the Adviser to allocate investments away from the Main Fund and to such Co-Invest Fund and/or Co-Invest Vehicle. Co-Invest Funds and/or Co-Invest Vehicles have in the past, and may in the future, invest alongside a Fund on different terms and at different times than such Fund, as well as in a different manner than such Fund (e.g., a Fund may invest in an opportunity indirectly through an underlying fund and a Co-Invest Fund and/or Co-Invest Vehicle or other co-investor may invest directly, or vice versa). In many cases, an underlying sponsor of an opportunity will have the ultimate determination over the structure of, and access to, any such co-investment opportunity. Co-investments may result in conflicts between Funds and other co-investors and Co-Invest Vehicles (for example, over allocations of investment opportunities, the price and the terms of such investment, exit strategies and related matters, including the exercise of remedies of their respective investments).

Subject to any applicable investment allocation requirements set forth in a Fund's Governing Documents or other specific agreements with an investor, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities or a right to participate in future Co-Invest Funds or Co-Invest Vehicles, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors or underlying managers, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, (iv) certain persons other than investors in the Funds (e.g., Co-Invest Funds or Co-Invest Vehicles, personnel of the Adviser or its affiliates, other Funds or Related Parties, consultants, persons associated with an underlying manager or a portfolio company and other third parties, including persons who the Adviser believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to the Adviser, a Fund and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise), rather than one or more investors in a Fund, will have a priority right to co-investment opportunities or will from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors may purchase their interests in an investment opportunity at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the underlying asset (also known as a post-closing sell down or transfer). In particular, it is expected that from time to time the Main Fund will sell down a portion of an investment to Co-Invest Funds and/or Co-Invest Vehicles; such warehousing arrangements are discussed in further detail below. Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, the Adviser from time to time agrees to give particular investors, Funds, or other third parties priority access to co-investment opportunities in some or all of the investments made by a Fund. For example, from time to time certain Co-Invest Funds, to the extent they have sufficient capital remaining for investment, will have a priority right to make co-investments in some or all of the investments made by the Main Fund. The existence of such priority or other contractual co-investment access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could reduce or eliminate the ability of Funds or their investors to be offered certain co-investment opportunities.

Personnel of the Adviser or its affiliates are expected from time to time to co-invest alongside the Funds in one or more investments (and will not be charged Advisory Fees and/or carried interest in connection with such co-investment) which co-investment will in certain cases be made through a Co-Invest Vehicle. It can be expected that such personnel of the Adviser or its affiliates (or the Co-Invest Vehicles through which they invest) will from time to time be allocated a portion of an investment opportunity that could have otherwise been allocated to the Funds. As such persons can determine to participate in some but not other co-investment opportunities and will have greater visibility, and information, with respect to such opportunities, they may be in a better position to determine whether to accept any such co-investment opportunity than another prospective co-investor. The varying interests of personnel of the Adviser or its affiliates in certain Funds' investments creates a conflict of interest as it may influence the actions of such personnel with respect to such investments. In

exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise, and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's perception of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Adviser and assume a passive role in governing a portfolio company);
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;

- The Adviser's evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- Whether the potential co-investment party will make commitments to invest in other Funds (including concurrently with the applicable co-investment) as well as commitments to future funds raised by the Adviser;
- Whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Funds (i.e., a stapled co-investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Adviser.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, GP Investors and third parties, and in the manner discussed above, often will not result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons (including, for example, whether the Adviser and/or its affiliates (including the Managing Members) are entitled, under arrangements made with certain potential co-investment parties, to additional Advisory Fees and/or carried interest based on the availability of co-investment opportunities offered to such parties). The Adviser expects that these factors will lead the Adviser to favor some potential co-investors over others with respect to the frequency with which the Adviser offers them co-investment opportunities. The Adviser also expects to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors. While the Adviser determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.



In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated or consummated in a timely manner, or that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended and would bear the entire portion of any fees, costs and expenses related to such investment, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

In addition, the Adviser expects that it will from time to time allocate investments in follow-on investment opportunities among the Funds and/or other third parties. With respect to the Funds, the Adviser intends to allocate follow-on investment opportunities in its sole discretion and subject to the priority rights detailed above. The priority right of the Main Fund means that the Main Fund has priority over any Co-Invest Fund with respect to each follow-on investment opportunity such that the Co-Invest Fund will only invest in a follow-on opportunity to the extent that it has sufficient available capital and the Main Fund has no further capacity or desire for investment, each as determined by the Adviser in its sole discretion. Further, during its investment period, a Co-Invest Fund will have priority over all Co-Invest Vehicles such that the Co-Invest Vehicles will only invest in a follow-on opportunity to the extent that both the Main Fund and the Co-Invest Fund each has no further capacity or desire for investment, as determined by the Adviser in its sole discretion. Following the end of a Co-Invest Fund's investment period, and subject to these priority rights, the Adviser may determine, in its sole discretion to allocate a follow-on investment opportunity to either the Co-Invest Fund that originally invested in the investment opportunity or a future Co-Invest Fund. Follow-on opportunities for which a Co-Invest Fund does not invest will likely be invested in by a Co-Invest Vehicle, other Investment Vehicles or third parties. There is no guarantee that a Co-Invest Fund, Co-Invest Vehicle or any third party will be allocated any follow-on investment opportunity. The allocation of follow-on investment opportunities presents conflicts of interest in the case of follow-on investments by a Fund in an investment in which another Fund has previously invested. The Main Fund's priority right to follow-on investment opportunities may reduce the availability of follow-on investment opportunities for Co-Invest Funds and/or Co-Invest Vehicles that otherwise have sufficient available capital. In addition, the Adviser may make a determination, in its sole discretion, to have a Fund forgo participating in a follow-on investment opportunity, but have another Fund participate in the follow-on investment opportunity. Participation by other Funds and/or any other third parties but not the original investing Fund, in follow-on investment opportunities will result in dilution of such Fund's interest in the particular investment. A Fund's returns may be materially impacted as a result of such conflicts. For the avoidance of doubt, if multiple Funds invest in an underlying fund, future capital calls by such underlying fund are not considered follow-on investments and will instead be allocated on a pro-rata basis. Additionally, the Adviser at times will make a follow-on investment in a portfolio investment because such follow-on investment protects the rights given to the investing Fund (or another Fund) previously or for reputational or strategic reasons, even when such follow-on investment's valuation has decreased since the original investment. These reputational benefits and protections will, from time to time, benefit and/or accrue to other Funds and/or the Adviser at the expense of the current Fund(s) investing in such follow-on investment.

As noted above, in accordance with the Funds' Governing Documents, from time to time, the Adviser expects that it will determine, in its sole discretion, to have a Fund "warehouse" an investment (such fund, the "Warehousing Fund") for other Funds and have the applicable Fund (or Funds) purchase its interest (such fund, the "Purchasing Fund") in the investment from the Warehousing Fund after the Warehousing Fund has consummated its investment in the underlying asset. In connection with an investment being warehoused, the Adviser expects that it will cause the Warehousing Fund to enter into documentation necessary to make an investment in an opportunity (such as a subscription agreement) and, if necessary, provide the capital necessary to fund the entire purchase price of the investment and/or contribute capital pursuant to capital calls, both for itself and the applicable Purchasing Fund also participating in the opportunity and will, at a later date as determined by the Adviser in its sole discretion, cause the Warehousing Fund to transfer the portion of such opportunity allocable to the Purchasing Fund to the Purchasing Fund and cause the Purchasing Fund to reimburse the Warehousing Fund for the amounts paid and/or contributed by the Warehousing Fund on behalf of the Purchasing Fund, in each case, with interest. The Adviser will determine in its sole discretion when to cause each relevant Purchasing Fund to repay to the Warehousing Fund such amounts paid and/or contributed by the Warehousing Fund, which will affect the amount of interest that will accrue to and be paid to the Warehousing Fund. No such reimbursement will offset the Management Fee paid by a Warehousing Fund. The Adviser's determination to have a Warehousing Fund warehouse an investment for a Purchasing Fund causes a number of conflicts of interest. There can be no assurance that the actual or perceived value of an investment opportunity at the time that it is allocated to a Purchasing Fund will not be greater or less than at the time the Warehousing Fund enters into the investment opportunity on behalf of the Purchasing Fund. A warehoused investment that has had an actual or perceived increase in value may still be transferred to the Purchasing Fund at the investment's cost, meaning, for an investment that increases in value, the Warehousing Fund will not be able to benefit from any such increase in value and, for an investment that decreases in value, such decrease in value will not reduce the amount the Purchasing Fund is required to reimburse to the Warehousing Fund or the basis on which the interest associated with the warehouse is calculated. The Adviser may have various incentives to delay such repayment, which would increase the amount of interest paid by the Purchasing Fund to the Warehousing Fund. Further, the Adviser will determine, in its sole discretion, subject to the terms of the applicable Governing Documents, the rate of interest to be paid in connection with each warehoused investment, and there can be no assurance that a Purchasing Fund could not have obtained better terms when engaging with a third-party lender. Furthermore, a Warehousing Fund may experience opportunity costs in providing capital in connection with such warehoused investments and will receive no compensation for such costs, other than interest (as described above) and reimbursement of expenses pursuant to the relevant Governing Documents. A Fund's returns may be materially impacted as a result of such conflicts. Finally, the Adviser may determine in its sole discretion to hold more or less of the investment through a Warehousing Fund than originally planned, which could decrease its returns and/or increase its risks.

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

The investors are expected to have widely differing interests on a variety of tax, regulatory, business, investment profile and other issues. This may, in turn, give rise to a number of risks that the investors individually will not act in a manner consistent with the best interests of the investors as a group or the best interests of the Funds themselves. For example, an investor may decline to provide its consent to a proposed action by a Fund or the Adviser due to goals or incentives that are unique to such investor and in conflict with the interests of the Fund or other investors. Furthermore, conflicts of interest among the investors likely will make it impracticable for the Adviser to manage the affairs of the Funds in a manner that is viewed as optimal by all investors, including with regard to tax treatment, and the Adviser will be under no obligation to do so.

The Adviser is entitled, in its sole discretion, to enter into one or more side letters or other agreements with certain investors in the Funds that provide such investors with more favorable economic or non-economic terms than apply to other investors or result in participation in investments on a non-pro rata basis. Investors will have no recourse against a Fund, the applicable Fund's general partner, the Adviser or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors.

Additionally, the Adviser, from time to time, retains individuals to serve as "senior advisors" (or in similar roles) to provide consultation and other support to the Adviser and/or Funds. Senior advisors are typically expected, but are not required, to also be investors in a Fund. To the extent legally permissible, such relationships will result in the senior advisor receiving benefits related to their role, which may include for example, access to the Adviser's investment personnel, participation in Adviser internal meetings, additional or specialized reporting, insight into Fund portfolio investments, receipt of administrative services and/or access to the Adviser's offices. The Adviser will establish such relationships and the nature and terms of such relationships, in its sole discretion. Except to the extent required by applicable law, the Adviser will not be obligated to disclose any such benefits to Fund investors.

The Adviser or its affiliates may enter into one or more agreements that have, as their principal purpose, the prevention, minimization, disclosure, monitoring, or remedy of corruption or other unethical or inappropriate behavior in connection with any investment in, or other dealings with, a Fund by a governmental or quasi-governmental agency (such as a retirement plan for governmental or quasi-governmental employees). No prevailing market standard for such agreements exists, and it is possible that any such agreement may provide a governmental or quasi-governmental limited partner with rights or preferences (e.g., withdrawal rights) that are not available to other limited partners and may, under certain circumstances, be contrary to the best interests of a Fund. Such agreements will be disclosed only to those actual or potential limited partners that have separately negotiated with the Adviser or its affiliates for the right to review such agreements.

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

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Adviser or its affiliates. This can create a conflict of interest because the Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-review, accounting, legal, compliance, valuation, trading, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The portion of an outsourcing expense allocated to a Fund for a particular service in certain cases will not reflect the relative benefit derived by such Fund from that service in any particular instance, and the Main Fund will in certain cases bear the full amount of an outsourcing expense that benefits the Main Fund, the Adviser, and/or other Related Parties. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and the Adviser has no obligation to inform such Funds or investors of such a change. Such services may also supplement or be performed alongside services performed

by the Adviser. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the relevant Funds.

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

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

Certain other service providers to the Adviser, the Funds, or affiliates of such service providers, may also provide goods or services to or have business, personal, financial or other relationships with the Adviser or its affiliates. Such service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which the Adviser and/or the Funds have a direct or indirect investment, and payments by a Fund to such service provider may therefore indirectly benefit the Adviser.

Additionally, former Adviser employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Adviser, the Funds and/or portfolio companies. While employed by the Adviser, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Adviser unless a Fund’s Governing Documents permit certain allocations of internal expenses to the Fund. If a former Adviser employee becomes an employee or consultant of a third party that also provides services to a Fund, such former Adviser employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Adviser employee working on the Fund will be borne entirely by the Fund and no such amounts will reduce the management fee paid or the carried interest distributed by such Fund on the basis that such person used to be a former Adviser employee.

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

From time to time, the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser, on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties including the Sequoia Affiliated Funds and/or Sequoia Capital and/or their affiliates. Certain expenses that are the obligation of one particular Fund and may be borne by such Fund or expenses may be allocated among multiple Funds and entities. For example, the Partnership Agreement of the Main Fund provide that certain expenses that might otherwise be allocated across the Funds will be borne solely by the Main Fund. The Adviser will be faced with a variety of conflicts of interest in exercising its discretion to

allocate fees and expenses. To the extent not addressed in the Partnership Agreements of a Fund, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make corrective allocations and take mitigating steps to the extent it determines such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgement. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service in certain cases will not reflect the relative benefit derived by such Fund from that service in any particular instance, and the Adviser will determine an allocation of expenses to be fair and equitable even where a Fund is, in certain cases, required to bear more than its proportional share of such fees or expenses relative to other parties receiving the same service or participating in the same transaction. For example, the Main Fund will, in certain cases, bear the full amount of an expense that benefits the Main Fund, the Adviser, and/or other Related Parties. In addition, a Fund will bear more or less of a particular expense based on the methodology used, and a Fund will bear more or less of a particular expense based on the number of parties the Adviser selects to bear the expense in its initial allocation determination. When making expense allocation determinations, the Adviser generally will allocate an expense to one or more parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases parties that were not in existence or otherwise identified at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Adviser will not re-allocate the expense to each such future party, and such future parties will benefit at the expense of other parties, including the Funds. Certain common expenses allocated across Funds (e.g., insurance costs) generally will not be borne by Co-Invest Funds and Co-Invest Vehicles and instead will be entirely borne by the Main Fund.

From time to time, the Adviser and its personnel may be involved in connecting prospective buyers and sellers of Fund interests as part of secondary sales of Fund interests. In the event the Adviser does introduce any third-party prospective purchaser to a selling investor, the Adviser will identify such potential purchasers in its sole discretion, taking into account any factors it deems appropriate under the circumstances. The Adviser will have no obligation to offer any opportunities to purchase or sell Fund interests to all investors or prospective investors. On occasion, the Adviser may permit Adviser personnel to purchase interests in a Fund directly from an investor or to sell interests in a Fund to another investor or a third-party purchaser. While all such transactions will be voluntary and conducted at arm's length, there is an inherent conflict of interest as the Adviser's personnel typically have information about a Fund's investments, including information regarding their valuation and performance expectations, that other investors or prospective investors do not have, and that information would have helped inform their decision whether to purchase or sell such interests.

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

The Adviser reserves the right, to the extent permitted by applicable law, to allocate the full amount of any expenses relating to any proposed but not consummated transaction ("Dead Deal Costs") to the Fund or Funds selected by the Adviser as proposed investors for such transaction. Furthermore, to the extent permitted by applicable law, if a proposed transaction is not consummated, whether or not a Co-Invest Vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), the Dead Deal Costs incurred in connection with such proposed transactions are generally borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction (which will result in the Fund or Funds bearing more than their pro rata share of Dead Deal Costs), but not to the Co-Invest Vehicle or other co-investor(s) to which the co-investment opportunity was offered and Co-Invest Vehicles (and co-investors) are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction. Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses, any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., KYC) investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated. Any fees and expenses incurred in connection with the organization of a Co-Invest Vehicle (including fees and expenses related to negotiating the Governing Documents of such Co-Invest Vehicle as well as fees and expenses described above) that is expected to invest alongside the Funds in an investment are expected to be borne by the Funds to the extent such Co-Invest Vehicle does not ultimately make such investment, whether or not such investment is consummated by the Funds.

In connection with evaluating a potential investment that is not consummated, a Fund will incur Dead Deal Costs. Such Dead Deal Costs are, from time to time, rolled forward and capitalized into the following subsequent consummated transaction. In such cases, any new co-investors may participate with the Fund in the subsequent consummated transaction. As a result, new co-investors that were not participating in the unconsummated transaction may be responsible for bearing a portion of Dead Deal Costs incurred by the Fund.

From time to time, certain Funds will incur certain ongoing expenses that benefit a Co-Invest Fund, Co-Invest Vehicle or co-investor (for instance, insurance premiums). In such instances, where permitted by applicable law, these ongoing expenses will be borne solely by the applicable Fund or Funds and will not be borne by any benefiting Co-Invest Fund, Co-Invest Vehicle or co-investor.

In the event the Adviser is making any determination regarding whether an allocation is fair and equitable, the Adviser will have discretion in such determination, and will typically evaluate facts and circumstances relevant to the particular allocation, which may include consideration of a number of factors that include, without limitation, some or all of the following: timing of the transaction, benefit to a Fund to have co-investors participate, relative negotiating power, any contractual requirements or limitations, relevant disclosures to the applicable parties, whether costs and expenses are incurred for the benefit of one party, and whether costs and expenses are incurred in connection with regulatory, tax, accounting, or similar requirements applicable to a particular party. The application of such considerations is in certain circumstances expected to result in the Adviser determining that it is fair and equitable for a Fund bearing more than its pro rata portion of certain fees, costs and expenses (including Dead Deal Costs). The Adviser's discretion in making such determination creates a

potential conflict of interest as the Adviser may have an incentive to allocate expenses to a particular Fund over another Fund or other co-investor.

In addition, the Adviser and its affiliates have discretion to (i) receive performance-based compensation, Advisory Fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are the subject to co-investment arrangements. No such fees or performance-based compensation received from or in connection with co-investment arrangements will offset fees or other compensation paid by the Funds, and the receipt of fees or other compensation from co-investors could create an incentive for the Adviser to allocate more opportunities to co-investors.

### *Other Potential Conflicts*

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

The Partnership Agreements provide that members of the Adviser may receive directors' fees or similar compensation from portfolio companies of the Funds. In certain cases, such fees will trigger a "management fee offset" under the Partnership Agreements.

The Adviser has caused, and may in the future cause, the Funds to accept investments from persons or their related entities that, directly or indirectly, serve as third party managers of Funds' capital (e.g., in their capacity as managers of investment vehicles or employees of issuers into which the Funds have made, or will make, an investment), other service providers to the Funds or officers, directors or employees of issuers in which the Funds invest. Any such arrangement involves conflicts of interest. For example, the Adviser may be incentivized to cause the Funds to make an investment with a third-party manager, make an investment in a particular issuer or engage such service provider to induce that manager, issuer or provider or a related person to invest into the Funds. While the Adviser expects to adopt and maintain policies and procedures designed to help mitigate such conflicts (such as disclosure of certain conflicts to the Board of Directors), there can be no assurance that such policies and procedures will fully or appropriately address all types of conflicts that may arise. During the Funds' terms, many different types of conflicts of interest may arise and neither this Brochure nor the Funds' Governing Documents purport to identify all such conflicts.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points," rebates or credit in loyalty/status programs to the Adviser and/or its personnel. Such benefits, rewards and/or amounts (whether or not de minimis or difficult to value), will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for an Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser may, from time to time, require, cause or invite the Funds and/or a portfolio investment to make contributions to charitable initiatives, or other non-profit organizations that the Adviser believes could, directly or indirectly, enhance the value of the Funds' investments, assist in completing an acquisition of a portfolio investment or other transaction (whether or not documented at the time of

such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their portfolio investment. Such contributions could be designed to benefit employees of a portfolio investment, the community in which a portfolio investment operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio investment. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of the Adviser, portfolio investment management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with the Adviser, the Funds or the portfolio investments. These relationships could influence the Adviser's decision whether to require, cause or invite the Funds or the portfolio investments to make charitable contributions. Further, from time to time, such charitable contributions by the Funds or the portfolio investments could supplement or replace charitable contributions that the Adviser would have otherwise made. Also, in certain instances, the Adviser may, from time to time, select a service provider or other counterparty to the Funds or their investments based, in part, on the charitable initiatives of such person where the Adviser believes such charitable initiatives could, directly or indirectly, enhance the value of the Funds' investments or otherwise be beneficial to the portfolio investments.

As provided in the Partnership Agreements of the Main Fund, with respect to investors or potential investors that are (i) the Adviser or partners of the Adviser, (ii) employees of the Adviser or its affiliates, (iii) persons who provide services to a Fund or a spouse or child of any of the persons in each of (i)-(iii) (including any trust or estate planning entities for the benefit of one or more such persons or any other entity wholly owned or controlled by one or more such persons) (collectively, "GP Investors"), the Adviser or an affiliate thereof has and is permitted to, in its sole discretion, allow such GP Investors to make capital commitments or capital contributions to the Main Fund on terms other than those set forth in the Partnership Agreements. GP Investors have been permitted to make capital commitments on a quarterly basis, which capital commitments will be contributed in full upon the acceptance of each such capital commitment. The amount of each GP Investor capital commitment to a Main Fund may, and is expected to, vary from quarter to quarter, and a GP Investor will have no obligation to make a capital commitment to a Main Fund in any given quarter. As a result, prior to making any capital commitment or capital contribution to a Main Fund, a GP Investor will, in many cases, have information and insight into such Main Fund's investment pipeline, valuations, and expenses, and will make determinations regarding its commitment amount for such quarter (if any) based on such information and insight. Investors in a Main Fund that are not GP Investors will not have access to the same information and insight, and in any event will not be permitted to make commitment determinations on a quarterly basis. While the Adviser believes the ability of GP Investors to commit capital to a Main Fund is helpful in enhancing economic alignment with other investors in the Main Fund, the ability of GP Investors to make investment determinations on a quarterly basis creates a conflict of interest as between the Adviser and GP Investors, on the one hand, and investors in such Main Fund that are not GP Investors, on the other hand. For example, GP Investors could elect to increase commitment amounts for a particular quarter when GP Investors have an expectation regarding favorable valuations or promising investments in the pipeline, and decrease (or eliminate) commitment amounts for a particular quarter when GP Investors expect lower valuations, increased expenses, or concerns regarding the investment pipeline. Investors in a Main Fund that are not GP Investors will have no such ability to influence the timing of investment and SCHF may elect to call less of an investor's capital commitment to a Main Fund in a given period as a result of the quantum of investments by GP Investors, thus diluting the exposure of investors in such Main Fund that are not GP Investors to certain well-performing investments and reducing the returns that such investors in a Main Fund may have received from such investments. As a result, investors in a Main Fund that are not GP Investors may, and are expected to, have different returns than those investors in such Main Fund that are GP Investors, which returns may be lower or higher than those of any given GP Investor.



In addition, as provided in the Partnership Agreements of the Main Fund, the Adviser retains the right to acquire the interest of any withdrawing investor, but is under no obligation to do so. This right creates a conflict of interest, as the Adviser would have an incentive to acquire such interest when such acquisition is beneficial for the Adviser, but will be under no obligation to do so when not beneficial to the Adviser. When making such determination, the Adviser will have the benefit of its heightened visibility into the Main Fund's activities, performance and investment pipeline, and will not take into account the interest of the withdrawing investor. The Adviser's determination in this respect may differ as between multiple investors in the Main Fund, in part as the Adviser may have an incentive to facilitate the withdrawal of certain investors due to a desire to strengthen the Adviser's relationship with such investors.

## **Item 12. Brokerage Practices**

### **Brokerage Policy and Procedures**

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

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

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

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

In selecting a counterparty and market through which to effect a trade, and in determining whether a transaction represents the best execution, the Adviser considers a range of quantitative and qualitative factors, including but not limited to the following: size and type of transaction; access to liquidity; execution efficiency (including whether the broker is distributing the securities on behalf of an underlying fund); capital utilization; clearance and settlement capabilities; reasonableness of commission rate or spread; financial responsibility; characteristics of the market(s) in which the security may be traded; nature of post-trade settlement, custody and foreign exchange structures; and aggregation of trades. In certain cases where distributions of securities are received from an underlying fund through a particular broker, based on the other factors described in this Item 12, the Adviser may pay higher commissions to use that broker.

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

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

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

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

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

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

### **Aggregation of Trades**

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

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

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

### **Oversight and Monitoring**

SCHF generally oversees the Funds, though responsibility for the day-to-day operations of the Funds has been delegated by SCHF to SCHF Management. The portfolio investments of the Funds are primarily reviewed by a team of investment professionals, which currently includes Keith Johnson, Managing Member, Founding Partner and Chief Executive Officer, and Kevin A. Kelly, Managing Member, Partner and Chief Investment Officer. Each Fund's asset allocations, performance and operations (including level of risk) of portfolio investments are actively monitored throughout the year. Formal reviews of portfolio investments (which may be conducted on specified components of the portfolio, rather than the portfolio as a whole) for, among other things, continued consistency with the Funds' investment strategies as described in Item 4, are generally conducted annually.

### **Reporting**

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

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

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

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

## **Item 15. Custody**

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

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

## **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with their Governing Documents. Investment restrictions for the Funds, if any, are generally established in the Governing Documents, and individual investors in the Funds do not have the ability to impose limitations on the Adviser's investment authority. As explained in Item 4 above, each Fund's investment strategy is detailed in the Fund's Governing Documents. Prospective investors are encouraged to review the Governing Documents in

their entirety and to ensure that the proposed investment is consistent with their investment goals, liquidity requirements and tolerance for risk.

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

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

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

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

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

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

- maintain or strengthen the shared interests of shareholders and management; and
- increase shareholder value.

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

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

A Fund generally cannot direct the Adviser's vote.

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

**Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

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

Item 19 is not applicable to the Adviser.