

Item 1. Cover Page



**Deer Management Co. LLC  
Form ADV Part 2A – Firm Brochure**

March 29, 2024

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**This Investment Adviser Brochure ("Brochure") provides information about the qualifications and business practices of Deer Management Co. LLC, doing business as Bessemer Venture Partners ("BVP" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at (914) 833-5300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.**

BVP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, such registration does not imply a certain level of skill or training.

Additional information about BVP also is available on the SEC's website at <https://adviserinfo.sec.gov/>.

## Item 2. Material Changes

BVP filed its most recent Form ADV Part 2 on March 31, 2023. This annual amendment to the Brochure does not contain any material changes, but includes routine annual updating changes, clarifying changes, enhanced disclosures throughout Form ADV Part 2, and updated regulatory assets under management.

BVP encourages all recipients to read this Brochure carefully in its entirety.

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#### Item 4. Advisory Business

BVP is a private venture capital firm that carries on one of the longest-standing venture capital activities in the United States. In 1911, Henry Phipps established what would become Bessemer Securities Corporation ("BSC") as an investment firm for the benefit of his descendants, starting with his share of the proceeds from the sale of Carnegie Steel. Since its inception, a central component of BSC's charter had been to invest in and help build innovative, high-growth companies, with its tech investing practice that was the foundation of BVP becoming a core focus in the 1960's. In 1981, BVP spun off from BSC as an independent stand-alone partnership. As a result of the spin off, BSC retained no ownership interest in or control over BVP. However, BSC remains a significant investor in investment vehicles advised by BVP.

BVP provides investment advisory services to investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the "1940 Act"), and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act"). In addition to BVP, several BVP affiliates act as sub-advisors. They include, Forge Deer Management Co. L.P., Bessemer Venture Partners Management Co. LTD., BVP Israel Investors Limited, BVP India Investors Private Limited, BVP UK & Europe Investors Limited, BVP Hong Kong Limited, and Reed India Consulting LLP. References in this Brochure to "BVP" or the "Firm" include related advisory affiliates, as appropriate. The funds managed by BVP are primarily private funds investing in early and growth stage technology companies (the "Funds").

BVP is affiliated with Cloud All Star Fund GP, LLC, Deer Forge & Co. L.P., Deer India & Co. L.P., Deer VI & Co. LLC, Deer VII & Co. L.P., Deer VIII & Co. L.P., Deer IX & Co. L.P., Deer X & Co. L.P., Deer XI & Co. L.P., Deer XII & Co. L.P., and Bessemer Venture Partners SG I GP LLC (each, a "General Partner," and collectively, together with any future affiliated general partner entities, the "General Partners"). The General Partners are registered under the Advisers Act pursuant to BVP's registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which together with BVP operate as a single advisory business.

Investors in the Funds are generally required to be "qualified purchasers" as defined in the 1940 Act and "accredited investors" as defined in Regulation D promulgated under the Securities Act.

BVP's advisory services consist of conducting the day-to-day operations of the Funds and providing portfolio management and administrative services, including investigating, analyzing, structuring and negotiating potential investments, actively managing and monitoring performance of investments, and advising as to disposition opportunities.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner and the restrictions in the applicable subscription agreements, management agreements, and limited partnership agreements (the "Governing Documents"). The advice provided by BVP and its affiliates to each Fund is tailored to meet the individual investment objectives and restrictions of each Fund. Services are provided to the Funds in accordance with a

management agreement between BVP, the General Partners and the Funds and/or the other Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally set forth in the limited partnership agreement ("Partnership Agreement") of the applicable Fund. Further specific details regarding BVP's advisory services are set forth in such Governing Documents and are further described below under Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss."

BVP has entered and may in the future enter into side letters or other writings with specific investors in the Funds which have the effect of establishing rights under, or altering or supplementing, the terms of the Partnership Agreements of the Funds or an investor's subscription agreement in respect of the investor to whom such letter or writing is addressed. Such rights or alterations could be regarding different fee structures or arrangements, excuse rights, information rights, specialized reporting, investment limitations, co-investment rights, rights to serve on the Fund's advisory committee, ability to transfer interests in a Fund or compliance with specified laws or regulations (including the provision of stated co-invest opportunities or priority allocation rights to, for example, limited partners who have capital commitments in excess of certain thresholds to one or more Funds), liquidity or transfer rights, confidentiality protection and disclosure rights, as well as economic, procedural and other terms, many of which will not be subject to the "most-favored nation" provisions of a Fund's Governing Documents.

Generally, any rights established, or any terms altered or supplemented, will govern only that investor and not a Fund as a whole. Certain such additional rights but not all rights, terms or conditions may be elected by certain sizeable investors with "most favored nations" rights pursuant to a Fund's Governing Documents. Such side letters can also impose restrictions on participation in certain investments or types of investments made by the Funds. Neither BVP nor its affiliates will enter into a particular side letter if BVP determines that the provisions contained in such side letter would be disruptive to the applicable Fund or its investment program. Disclosure of applicable side letter practices is made to investors prior to their investment in the applicable Fund.

Day-to-day management, control, and ownership of BVP is exercised by the managing partners of BVP as disclosed in Form ADV.

As of December 31, 2023, BVP managed a total of \$18,262,039,462 on a discretionary basis. As of December 31, 2023, BVP did not manage any assets on a non-discretionary basis.

*The information discussed in this Brochure regarding the investment advisory services provided by BVP is qualified in its entirety by reference to each Fund's Governing Documents, including offering materials, Partnership Agreements, and subscription agreements.*

## Item 5. Fees and Compensation

### Management Fees

BVP is generally paid a management fee paid quarterly in advance by each Fund. The fee accrues from a given commencement date in the Fund's Governing Documents and continues through the final liquidation of the Fund. Management fees are generally payable out of current cash flow, disposition proceeds or from drawdowns from investors. Installments of the management fee payable for any period other than a full quarterly period are prorated for the actual number of days in such period, and in the case of the final quarterly period that the management fee is payable, BVP will refund the amount of the management fee allocable to that portion of such period which is subsequent to the date that management fee is no longer payable. Except for rare circumstances described in the applicable Governing Documents of each Fund, investors are generally not permitted to withdraw or redeem interests in the Funds. Investors in the Funds also bear certain fund expenses as further described below.

The management fees are negotiated collectively with the investors of each Fund, and are subject to waiver or reduction by BVP. For example, certain of BVP's principals, personnel, BVP outside advisory personnel, and other individuals associated with BVP typically invest in or alongside the Funds in a separate Fund vehicle. Management fees assessed on such investments may be substantially reduced or as is more typical, waived entirely in the sole discretion of the applicable General Partner or managing member. Vehicles that do not pay management fees will not receive the benefit of any offset. Waived or reduced management fees are also not subject to management fee offsets. Due to waived or reduced management fees by BVP and/or timing of receipt of compensation subject to offsets, it is possible that management fee offsets will be delayed and not be fully realized by investors in the relevant Fund, resulting in a net additional benefit to BVP.

The precise amount of, and the manner and calculation of, the management fees for each client is disclosed in the Governing Documents of the Fund and varies from Fund to Fund. Under the Funds' Governing Documents, the management fee will be calculated and charged on a basis that generally is not tied to the Fund's then-current net asset value. As further specified in the relevant Governing Documents, management fees will initially generally be charged based on a formula tied to the amount of aggregate subscriptions of the limited partners of a Fund. At the end of the "Investment Period" as it is defined in the Governing Documents of the Fund, the rate will be reduced by a given amount until the tenth anniversary of the commencement of the Fund. At that time, the Fund's management fee generally will be charged and calculated based on a formula tied to the amount of contributed capital or the cost basis of remaining portfolio investments made by the Fund. As a result, except where the Governing Documents expressly provide to the contrary, the amount of management fees generally will not correspond with fluctuations in the Fund's net asset value, including where the fair market value of an investment exceeds or falls below the total amount of contributed capital or the cost basis relating to such investment. Therefore, the management fee generally will not be reduced in connection with any partial distributions, partial realizations, reorganizations and write downs except as required by the relevant Governing

Documents. The Funds' Governing Documents set forth the full list of terms under which a Fund's management fee will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified management fee in the relevant Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

BVP is also permitted under each Fund's governing documents to be paid fees of the type referred to above from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the management fee payable by any Fund(s) that also have invested in such investment, and, as a result, a Fund will, in most cases, benefit only with respect to its allocable portion on a fully diluted basis of any such fee and not the portion of any fee related to a General Partner or affiliated partner commitments or that relates to such co-investors or potential co-investors. Unless otherwise agreed with investors, such investment-related fees generally will be payable without further offset during term extensions, even if management fees are reduced or eliminated during the extended term, thus reducing the amounts of management fees actually offset. Investment-related fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of investment-related fees paid prior to the Fund's acquisition of the relevant investment.

With respect to BVP Forge, as set forth and discussed in more detail in each Fund's Governing Documents, the management fee is calculated as a percentage of aggregate commitments until the "Step-Down Date" (as that term is defined in the BVP Forge Governing Documents). After the Step-Down Date, the fund's management fee will be reduced to an amount equal to a percentage of the partners' investment contributions made with respect to investments that have not been disposed of or completely written-off for U.S. federal income tax purposes, in each case as determined on the first day of the period with respect to which a determination is being made; provided that investments (other than bridge financings) in a portfolio company will be treated for this purpose as having been disposed of or completely written-off only to the extent that, as of the date of any such disposition or write-off, the aggregate value of all remaining investments (other than bridge financings) in such portfolio company is less than the aggregate investment contributions with respect to all existing and former investments in such portfolio company.

### **Other Fees and Expenses**

The Funds typically pay organizational costs and expenses incurred by each General Partner (or BVP) in connection with the formation and organization of the Fund, the General Partner, the ultimate general partner and affiliated entities as determined in accordance with each Fund's Governing Documents. These expenses include capital raising, marketing, travel, filing, registration, legal (including, without limitation, legal expenses relating to organizational and governing documents, diligence responses, disclosure documents, legal opinions, side letters and similar agreements), regulatory, accounting fees, any costs and expenses relating to compliance with the AIFM Directive, costs and expenses incurred in connection with any "most favored nation" elections, printing fees and expenses, and filing fees and other organizational expenses.

Each Fund will pay the expenses described above up to a particular amount set forth in the Fund's Governing Documents. Organizational expenses in excess of this amount will be borne by BVP.

The Funds will bear all costs and expenses incurred in the purchase, holding or Sale or Exchange of Securities, including, but not by way of limitation, private placement fees, finders' fees, real property or personal property taxes on investments, interest on borrowed money, all expenses incurred in connection with the securing of financing, including but not limited to the arranging, negotiation, structuring, entering into, amending and all other documentation of agreements with one or more lenders and fees and expenses arising out of, all permitted borrowings and guarantees made by the Funds, brokerage fees, taxes applicable to the Funds on account of its operations, out-of-pocket expenses (including, without limitation, third-party legal, accounting, investment banking, appraisal, consulting (including professional due diligence services and for "expert networks"), custodian fees and expenses (including any depository appointed pursuant to the AIFM Directive or other non-U.S. law or regulation) and other out-of-pocket costs, but excluding travel expenses) incurred in investigating and evaluating investment and disposition opportunities (whether or not any such investment or disposition opportunity is consummated), fees incurred in connection with the maintenance of bank or custodian accounts, third-party legal, audit, and other expenses incurred in the registration or qualification of the Funds' securities under the Securities Act or under other applicable securities laws and other expenses related to compliance with applicable laws incurred by or for the benefit of a Fund (excluding expenses incurred by BVP in connection with or compliance with the rules and regulations of the SEC (or similar state or non-U.S. rules and regulations) that relate to BVP its employees generally and are not specific to the Funds and their activities), including all costs and expenses, if any, incurred in connection with the Fund's legal and regulatory compliance with U.S. federal, state and local and non-U.S. or other law or regulation (including, by way of example only, Form PF obligations under the Advisers Act, FATCA, AIFM Directive, PFA, Anti-Money Laundering Laws and "know your client" requirements, as applicable, and the preparation and administration of any reports, disclosures, filings or notifications prepared in accordance with the foregoing) or related to compliance with the provisions of this Agreement or any side letter or similar agreement, any fees and expenses associated with Swiss and/or other non-U.S. representative(s) and/or paying agent(s) of the General Partner or a Fund, fees, costs and expenses related to filings with CFIUS (as defined below) or other matters related to the DPA or CFIUS in connection with the Fund's investments or proposed investments, regardless of the reason that any such filing is made or other CFIUS matter arises, premiums for insurance protecting the Fund and any indemnitee from liability to third parties. The Fund shall also bear all other third-party legal, accounting, and auditing fees and expenses of the Fund, expenses in connection with the preparation of annual and other reports to the partners (including, without limitation, the costs and fees of maintaining any internet-based portal or web site from which such items are made available), expenses in connection with any annual or special meetings of Fund investors or Fund committees and all expenses of the Fund that are not normal operating expenses, including all third-party legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings brought by or against a Fund as well as all expenses incurred in connection with any restructuring or amendments to the constituent documents of a Fund and any alternative investment vehicle; all expenses incurred in connection with the formation of special purpose vehicles, including any alternative investment vehicles (including, without limitation, all costs and expenses related to the presence of a Fund or any alternative investment vehicle or other special purpose vehicle in jurisdictions in which such entities or their subsidiaries



maintain such a presence, including, for example, rent, domiciliation fees, director's fees and other similar costs, to the extent such presence relates to a Fund's portfolio investments) and all costs and expenses arising out of or resulting from the a Fund's indemnification obligations.

To the extent specified in a Fund's Governing Documents, BVP or another BVP entity will be permitted to receive certain supplemental fees and other amounts consisting of closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors' fees and other similar fees from any portfolio company or potential portfolio company in respect of a Fund's investment or potential investment therein. Unless otherwise agreed with investors, such investment-related fees generally will be payable without further offset during term extensions, even if management fees are reduced or eliminated during the extended term, thus reducing the amounts of management fees actually offset. Investment-related fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of investment-related fees paid prior to the Fund's acquisition, or following the Fund's disposition, of the relevant investment. Additionally, as further described below under "Portfolio Company Expenses" under Item 11 and in the Governing Documents, it is BVP's practice to use or retain certain operating partners to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such operating partners generally receive compensation and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but (other than with respect to BVP Forge) no such amounts will offset or reduce the management fee unless such Operating Partner is employed full time as a partner of a Fund's General Partner. Each of the foregoing is expected to reduce the amount of such fees otherwise available to be offset against management fees, resulting in a potential material benefit to BVP over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for BVP to seek to increase such amounts.

The Funds' Governing Documents set forth the full list of terms under which a Fund's management fee will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified management fee in the relevant Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

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

In respect of each Fund, the applicable General Partner is also generally entitled to receive a portion of distributions of net Fund profits (the "Carried Interest") that would otherwise be distributed to such Fund's investors. The Carried Interest received by such related person conforms to the requirements set forth in Section 205 of the Advisers Act.

The precise amount of, and the manner and calculation of, the Carried Interest for a Fund is disclosed in the Governing Documents of each Fund. The Carried Interest provisions are negotiated collectively with the investors of each Fund, and are also subject to waiver, deferral, recontribution or reduction by the applicable General Partner or managing member, in its sole discretion, with respect of some or all of the investors in the Fund (including in connection with investments in the applicable Fund made by the General Partner or its affiliates) with the result being that investors in such Fund may pay different performance-based fees.

Performance-based fee arrangements have the potential to create an incentive for BVP to operate the Funds in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement.

The existence of the Carried Interest or performance-based fees have the potential to also incentivize BVP to dedicate increased resources and allocate more profitable investment opportunities to a Fund whose distribution characteristics would allow BVP or its affiliates to receive a higher Carried Interest or higher performance-based fees (or to be paid a Carried Interest sooner) based on the success of portfolio investments. Further, BVP have the potential to be incentivized to allocate investment opportunities to Funds that, based on investment performance, are not required to reimburse the Fund for losses attributable to prior unprofitable investments.

Each Fund's investment limitations are defined in its respective Governing Documents, and the Governing Documents of the Funds set forth allocation guidelines, subject to certain investment considerations, to handle potential conflicts in relation to investment overlaps in a fair and reasonable manner and in accordance with BVP's allocation policy. BVP will seek to manage potential conflicts of interest in good faith, and subject to the provisions of the Governing Documents of the affected accounts, BVP will be guided by its good faith judgment as to the best interests of the Funds on any matter involving a conflict of interest.

## Item 7. Types of Clients

BVP provides investment advisory services to the Funds. Investment advice is provided directly to the Funds and not individually to the investors in the Fund. Investors in the Funds are generally "qualified purchasers" or "knowledgeable employees" as defined in the 1940 Act and "accredited investors" as defined in Regulation D promulgated under the Securities Act, and generally include, among others, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, sovereign wealth funds, limited partnerships and limited liability companies. In some cases private equity professionals from other private equity firms and other service professionals (e.g., outside counsel) may also be invested in the Funds. Additionally, principals, personnel, and consultants of BVP have the ability to invest in other private equity investment vehicles (including single investor co-investments) managed by other investment advisers. In some cases, the Funds are permitted to invest in companies that are owned by such other investment vehicles, which has the potential to directly or indirectly benefit principals, personnel, or consultants of BVP.

The Funds do not have a minimum size, but minimum investment commitments are generally established for investors in the Funds. The General Partner, as applicable, of each Fund is generally permitted to, in its sole discretion, permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

### Methods of Analysis and Investment Strategies

BVP operates a multi-stage, sector-agnostic, geography-agnostic technology investment platform that affords broad discretion and latitude to individual investment partners. Attractive investment opportunities may be sourced from several areas, including investment partners, operating partners, advisors, consultants, entrepreneurs in residence, and by way of BVP's investment scout program. Due diligence of each investment opportunity is completed by the investment partner and his or her Investment Professionals (as defined below) and associates.

Investments are proposed at a weekly partnership meeting. At the weekly partnership meeting, any participant may offer their opinion and thoughts regarding any proposed investment. Following this meeting, the partners vote on the investment recommendations.

There are three investment strategies utilized by the Funds: Venture-focused; Growth-focused; and Growth Buyout focused.

BVP's venture-focused strategy principally invests in early-stage and pre-revenue technology businesses, supporting them through their growth, and are responsive to the evolution of the technology landscape.

The growth-focused strategy pursues investments in exceptional growth-stage companies from within the BVP portfolio or in areas where the BVP platform provides access to proprietary or differentiated opportunities.

The growth-buyout-focused strategy principally invests through control and significant minority transactions in growing and self-sustaining software companies that generally have less than \$50M in revenue.

### Risks

Investing in securities, including those of the Funds, involves risk of loss that clients should be prepared to bear, **INCLUDING THE RISK OF LOSS OF THE ENTIRE INVESTMENT**. These risks are generally applicable to the investment strategy of each client. The risks summarized below are described in greater detail in the subscription agreements provided to limited partners. However, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies, and the types of securities held. The risks associated with each strategy include but are not limited to:

### General Risks

**Portfolio Investments.** While venture capital investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. At the time of a Fund's investment, a portfolio company may lack one or more key attributes (e.g., proven technology, marketable product, complete management team, or strategic alliances) necessary for success, may have minimal or no revenues and may not be profitable. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. Such companies typically face intense competition, which may include competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

There generally will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by a Fund's General Partner will be dependent upon the ability to obtain relevant information from non-public sources, and the General Partner may 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 marketability and value of each investment will depend upon many factors beyond the General Partner's control. The public market for companies of the type the Funds are expected to invest is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of a Fund to dispose of investments, and the value of investment securities on the date of sale or distribution by a Fund. In particular, the receptiveness of the public market to initial public offerings by a Fund's portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, the portfolio company's securities may be subject to contractual "lock-up," securities law or other restrictions which may, for a material period of time, prevent a Fund from disposing of such securities.

Similarly, the receptiveness of potential acquirers to a Fund's portfolio companies will vary over time and, even if an investment is disposed of via a merger, acquisition or similar transaction, a Fund's stock, security, or other interests in the surviving entity may not be marketable. There can be no guarantee that any investment will result in a liquidity event via public offering, merger, acquisition or otherwise.

**Difficulty in Valuing Investment Portfolio.** The General Partner will generally value the portfolio investments at their fair market values. Fund assets that are publicly traded securities for which market prices are readily available will be valued based on their trading prices, however, for almost every portfolio company, there will likely be no public market for its securities. Thus, portfolio valuation inherently is highly subjective and imprecise and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. In establishing

the value of a Fund's investment portfolio, the General Partner may also consult with accounting firms, investment banks and other third parties when needed, to assist with the valuation of a Fund's investments. The value set by the General Partner may not reflect the price at which a Fund could dispose of its interests in a particular portfolio company at any given time.

***Availability of Investment Capital.*** Many portfolio companies will require several rounds of capital infusions before reaching maturity. A Fund and its co-investors may not provide all necessary follow-on capital to portfolio companies. Accordingly, third-party sources of financing may be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Fund or the portfolio company. Furthermore, the Fund's capital is limited and may not be adequate to protect the Fund from dilution resulting from multiple rounds of portfolio company financings. If the Fund does not have capital available to participate in subsequent rounds of financing, failure to participate may have a significant negative impact on the portfolio company as well as the value of the Fund's investment.

***Reliance on Portfolio Company Management.*** Although a Fund may seek representation on the board of directors of portfolio companies or otherwise provide management and strategic planning assistance, a Fund will generally not have an active role in the day-to-day management of the companies in which it invests. To the extent that the senior management of a portfolio company performs poorly, or if a key manager of a portfolio company ceases to be employed by or associated with such portfolio company, a Fund's investment in such company could be adversely affected. The returns of the Funds will depend in large part on the performance of these unrelated individuals and could be substantially adversely affected by the unfavorable performance of a small number of such individuals. The success of the portfolio companies depends in substantial part upon the skill and expertise of the portfolio company managers. There can be no assurance that the key personnel of each portfolio company's managers will continue to be associated with such portfolio company throughout the life of such portfolio company.

***Risks Relating to Digital Assets.*** The Funds may invest in Digital Assets (as defined below). In addition, the Fund may directly or indirectly invest in funds or companies that offer such Digital Assets or develop, operate or maintain infrastructures for Digital Asset and/or currency networks or that operate in or around the Digital Asset and/or currency networks. The process for buying and selling Digital Assets can be vulnerable to hacking and malware, which could lead to theft of the Fund's Digital Assets. There have been documented instances of Digital Asset and/or currency exchanges being closed due to fraud, failure or security breaches. In some of these instances, the customers of such Digital Assets and/or currency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset and/or currency exchanges. Digital Assets represent a speculative investment and involve a high degree of risk. A significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short or long-term holding of Digital Assets. Volatility in Digital Assets may adversely affect the business of related funds or companies and the Fund's investments in such entities. For these purposes "Digital Assets" include (a) cryptocurrencies, application tokens, protocol tokens, non-fungible tokens, app coins, blockchain-based assets, other cryptofinance and

other digital assets of every kind and nature, including without limitation, physical and synthetic assets and equity, equity-based or convertible securities or tokens in companies or organizations making use of, or connected to, blockchain, directed acyclic graph, distributed ledger or similar technologies (including decentralized autonomous organizations); and (b) contractual rights, including without limitation, investment contracts or other instruments or securities, smart contracts, applications and that are related to any of the foregoing.

***Legality and Regulation of Digital Assets.*** It may be legal or illegal, now or in the future, to own, hold, sell, trade or use digital assets in one or more countries. Digital assets and cryptocurrencies are haphazardly regulated in most countries, and one or more countries may take regulatory actions in the future that may restrict the Funds (or its portfolio companies) from holding or trading digital assets within the relevant jurisdiction, and could result in the termination or liquidation of the Fund's investment positions (or certain of its portfolio companies).

***Risks Associated with Investing in ICOs and SAFTs.*** The ability of investors in ICOs or token sales to recover in the event of fraud or theft may be limited. A significant portion of funds meant to be invested in digital assets have been stolen by hackers. While investors who have been defrauded have rights under various laws, including potentially the U.S. federal securities laws or the Commodity Exchange Act, their ability to recover may be significantly limited due to one or more of the following factors:

1. Tracing money. Traditional financial institutions often are not involved with ICOs or digital asset transactions, making it more difficult to follow the flow of money.
2. International scope. ICOs and digital asset transactions and users span the globe. Regulatory and law enforcement agencies may be unable to quickly obtain information from persons or entities located overseas.
3. Freezing or securing digital asset. Law enforcement officials may have difficulty freezing or securing investor funds that are held in a digital asset. Digital assets wallets are encrypted and unlike money held in a bank or brokerage account, it is possible that digital assets may not be held by a third-party custodian.

The simple agreement for future tokens ("SAFT") is an instrument designed to convey rights in digital tokens prior to the development of the tokens' functionality. Under a SAFT, the SAFT instrument itself is designed to be treated as a security, and thus its offering is subject to U.S. federal or other securities laws, but the token to be delivered under the SAFT would be designed not to be a security for purposes of U.S. federal securities laws or commodity derivatives subject to regulation under the Commodity Exchange Act. In recent enforcement actions, however, the SEC has rejected the SAFT framework and charged that the underlying tokens were also securities. In one of those cases, a federal court ruled in favor of the SEC, concluding that the SAFT instrument and the underlying tokens are part of a single offering of securities and subject to regulation under the U.S. federal securities laws. There is a risk that SAFTs, because they provide for forward delivery of a token that is designed to be a commodity, could be viewed by the Commodity Futures Trading Commission ("CFTC") as swaps and subject to regulation as such. The tokens delivered under a



SAFT could be viewed by the SEC as securities or by the CFTC as commodity derivatives, depending on the nature of the tokens and the manner of their offering. Further guidance or other action taken by regulators could significantly affect the regulatory treatment of SAFTs and tokens delivered under SAFTs. Such action, or legal action brought by market participants against issuers of SAFTs or the underlying tokens, could negatively affect the value or liquidity of any SAFTs or tokens held by the Funds and could negatively affect the ability of a Fund to use these instruments as part of its investment strategy.

In addition, a Fund could face investigations, expensive remedial actions, penalties and fines, and could be restricted from selling or effecting any transactions involving SAFTs or tokens received from SAFTs, and the SAFTs or tokens could be worthless. A Fund may decline to invest in SAFTs or tokens issued through SAFTs, given the regulatory uncertainty in their treatment and the potential consequences. All of these occurrences could have an adverse effect on the Fund and the limited partners.

***Intellectual Property Rights Claims May Adversely Affect Digital Assets.*** Third parties may assert intellectual property claims relating to the operation of digital assets and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the ability of end-users to hold and transfer digital assets or currencies may adversely affect an investment in the Funds.

***Regulatory Changes Relating to the Swaps and Foreign Exchange Markets.*** Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") established a general framework for federal regulation of the over-the-counter ("OTC") derivatives market and entities that participate in that market, and required the CFTC, the SEC and certain prudential regulators to promulgate certain rules and regulations implementing the derivatives-related provisions of the Dodd-Frank Act, including by giving the CFTC the authority to expand existing federal position limits to certain swaps. The rules and regulations regarding swaps required under Dodd-Frank include, among other things, those relating to the regulation of certain swaps entities, such as swap dealers, the mandatory clearing of certain swaps, the mandatory trading of certain swaps on a regulated platform, margin requirements for uncleared swaps, and the reporting and recordkeeping of swaps. While most of these regulations are already in effect, regulators continue to review and refine their initial rulemakings through additional interpretive guidance, staff no-action relief and supplemental rulemakings. As a result, any new regulations, or modifications to or interpretations of existing regulations, could significantly increase the cost of derivatives transactions, materially alter the terms of our clients' and their portfolio companies' derivatives contracts, reduce the availability of derivatives to protect against risks they encounter, reduce their ability to close out or restructure their existing derivatives contracts and increase their exposure to less creditworthy counterparties.

Due to the requirements imposed by the Dodd-Frank Act, certain instruments must be centrally cleared and executed on a regulated exchange or other approved trading platform, and our clients may experience increased transaction costs as a result of mandatory clearing and mandatory



execution requirements associated with certain swaps. In addition, Title VII of the Dodd-Frank Act and the rules of the CFTC, the SEC and federal banking regulators thereunder require our clients to comply with variation margin (and, depending on the client and its affiliates' aggregate volume of derivatives trading activity, potentially initial margin) requirements for their uncleared OTC derivatives contracts (other than physically settled foreign exchange ("FX") forwards and FX swaps) with CFTC-regulated swap dealers and SEC-regulated security-based swap dealers, which mandatory margin requirements may limit our clients' ability to engage in leveraged transactions. The CFTC has also recently finalized revisions to existing federal position limit requirements which set position limits for certain futures and option contracts in certain energy markets and for swaps that are economically equivalent to such contracts, subject to certain exemptions (including for bona fide hedging transactions where necessary conditions are satisfied). In addition, the CFTC has previously finalized related aggregation rules that require market participants to aggregate their positions with certain other persons under common ownership or control, unless an exemption applies, for purposes of determining whether the position limits have been exceeded. As the revised CFTC federal position limits regime is phasing in, starting January 1, 2022 through January 1, 2023, compliance with the revised position limits rule and the final aggregation requirements may affect the ability of our clients and their portfolio companies to enter into derivatives transactions. In addition to the CFTC federal position limits regime, CFTC-regulated designated contract markets ("DCMs") also established position limit and accountability regimes. Any such position limit regime, whether imposed at the federal level or at the DCM level, may require added operating costs to monitor compliance with position limit levels, address accountability level concerns and maintain appropriate exemptions, if applicable.

***Financial Institution Risk; Distress Events.*** An investment in a Fund is subject to the risk that one or more of the Fund's banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by various factors, including eroding market sentiment, significant withdrawals (e.g., a bank run in which depositors collectively withdraw their balances within a short period of time), fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, BVP, the Funds and/or any of their portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distressed Events, there can be no assurance that any intervention will occur, be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of BVP to manage the Funds and their investments, and on the ability of BVP, any Fund and/or portfolio companies to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of BVP or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that BVP will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that BVP will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that BVP and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although BVP seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, BVP is under no obligation to use a minimum number of Financial Institutions with respect to any Fund or to maintain account balances at or below the relevant insured amounts. Furthermore, such balances maintained by BVP and the Funds are generally expected to fluctuate, including with respect to the Funds in connection with capital calls to limited partners and dispositions of investments, and certain balances from time to time will substantially exceed applicable deposit insurance.

***Investments in Public Companies.*** In accordance with the terms of each Fund's Governing Documents, the Funds may invest a percentage of its capital commitments in public companies and privately-held portfolio companies may become publicly traded following an initial public offering or may be acquired by publicly-traded companies in transactions in which the Fund receives securities of such publicly-traded companies. Making and/or holding investments in public companies subjects the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding a Fund's

investments in such companies, limitations on the ability of the Funds to dispose of such securities (or securities of other companies) at certain times (including due to the possession by the General Partner or its representatives of material non-public information), increased likelihood of shareholder litigation against such companies' board members, regulatory action by governmental bodies and increased costs associated with each of the aforementioned risks.

***Lack of Diversification.*** To the extent that a Fund concentrates its investments in a particular company, sector, country, or region, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, sector, country, or region. Consequently, the aggregate return of a Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which a Fund has invested.

***Distributions in Kind.*** The General Partner distributes the proceeds of certain of the Funds' investments in kind. Any such distribution could put downward pressure on the price of the issuer's securities. A limited partner that receives assets other than cash from the relevant Fund may incur costs and delays in converting those assets into cash. The value of any distributed assets for purposes of the Partnership Agreements will be calculated in accordance with the provisions of the applicable Partnership Agreement and such price may not reflect the value of asset in the hands of a limited partner. If a limited partner receives a distribution in kind of any portfolio investment from a Fund, it may incur additional costs and risks in connection with the disposition of such assets. Distributed assets may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the General Partner and the limited partners without such sales triggering a price decline which makes it difficult or impossible for the General Partner and all limited partners to sell such securities at the distribution price. Nevertheless, the distribution price of such securities for purposes of making allocations and distributions among the General Partners and the limited partners (including for purposes of determining the Carried Interest) will be established under the provisions of the applicable Partnership Agreement and will not be adjusted to reflect actual sale prices obtained by the limited partners (which may be lower than the applicable distribution price). The General Partner, its affiliates and their personnel that receive portfolio company securities, through a distribution or otherwise, will be subject to conflicts of interest in determining whether to sell such securities (subject to any applicable restrictions) and are incentivized to sell or retain such securities for a period consistent with their own financial and investment objectives, which have the potential to differ from those of a Fund or its limited partners.

***Competition for Investments.*** The Funds will compete with other entities for the acquisition of investments. Such competition will come from groups such as institutional investors, investment managers, industrial groups, and merchant banks which have greater resources than the Funds and are owned by large and well-capitalized investors. There is expected to be intense competition for investments of the type in which the Funds intend to invest, and such competition may result in less favorable investment terms than would otherwise be the case. The Funds may be unable to find enough attractive opportunities to meet its investment objectives. There can, therefore, be no

assurance that investments of the Funds will meet all the investment objectives of each Fund, or that a Fund will be able to invest all of its available capital.

***Reinvestment of Capital.*** Subject to certain limitations, the Funds are permitted to reinvest the proceeds of certain fully realized or partially realized investments or income on investments or may distribute and subsequently recall such amounts. To the extent such amounts are reinvested, an investor will remain exposed to re-investment and other risks associated with such investments including exposure to potential unfunded tax liabilities with respect to re-investment. Investors will need to reserve capital to fund recalls. A failure to fund a capital call could result in penalties under the Partnership Agreements.

***Secondaries and other General Partner-Led Transactions.*** There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and BVP reserved the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by BVP following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where BVP believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by BVP and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive Carried Interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of BVP or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where BVP or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, BVP, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent BVP requires existing limited partners and/or new buyers to commit

capital to a continuation fund or another Fund managed by BVP in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that BVP will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, BVP reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. BVP is permitted to seek the consent of the relevant Fund advisory committee(s) to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

**Reserves.** As is customary in the industry, the General Partner of each Fund will establish reserves for follow-on investments by the Funds in portfolio companies, operating expenses (including management fees), Fund liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the limited partners. If reserves are inadequate, the Funds may be unable to take advantage of attractive follow-on or other investment opportunities or to protect their existing investments from dilutive or other punitive terms associated with "pay-to-play" or similar provisions. If reserves are excessive, the Funds may unnecessarily pass up attractive investment opportunities. Further, the allocation of investment opportunities among the Funds, and any co-investment fund may depend, in part, on their respective reserves at the time of allocating the opportunity, possibly resulting in lower returns if any of such reserves were later determined to be inadequate or excessive.

**No Assurance of Profit or Distributions.** Each Fund's task of identifying investment opportunities, managing such investments, and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. There is no assurance that the Funds' investments will be profitable or that any distributions will be made to the limited partners. Any return on

investment to the limited partners will depend upon successful investments being made by the Funds. The marketability and value of any such investment will depend upon many factors beyond the control of the Funds. The expenses of a Fund may exceed its income, and the limited partners could lose the entire amount of their contributed capital.

***Uncertain Time Frame for Winding Up Affairs.*** The Funds have an initial term of ten years from the initial drawdown date, which can be extended as provided in the applicable Partnership Agreement. At the end of a Fund's term (as extended), the winding up of its affairs will commence. In connection with the dissolution and winding up of a Fund, the General Partner (or other relevant liquidator) will have the authority to sell, exchange or otherwise dispose of the assets of such Fund in such reasonable manner as the General Partner (or other relevant liquidator) determines to be in the best interest of such Fund. Given the illiquid nature of a Fund's investments, it is likely that a Fund will hold a number of portfolio investments which cannot be advantageously disposed of within a Fund's initial ten-year term, meaning that the General Partner may seek extensions of such Fund's term. Even upon the end of such Fund's term, it will likely continue to hold portfolio investments which cannot be advantageously disposed of promptly during the dissolution period in the absence of a liquidity event for the applicable portfolio company. There can be no assurances with respect to the time frame in which the assets of a Fund will be disposed of following commencement of dissolution. As a result of the foregoing, final liquidation and termination of a Fund is not likely to occur until significantly after its initial ten-year term.

***Long-Term Investment.*** An investment in the Funds is a long-term commitment and there is no assurance of any distribution to the limited partner. There is not now and there is not expected to be a public market for the limited partner interests in the Funds. The interests may not be assigned, transferred or encumbered without the prior written consent of the General Partner. Accordingly, a limited partner may not be able to liquidate its investment and must be prepared to bear the risks of owning its interest for an extended period of time.

***Management of the Funds.*** The limited partners have no right or power to take part in the management of the Funds. Accordingly, the limited partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. The limited partners will not receive the detailed financial information issued by portfolio companies that are typically available to the General Partner. Rather, they must rely on the ability of the General Partner to identify, structure and make portfolio company investments consistent with such Fund's investment objectives and policies. Further, the limited partners will not have the opportunity to evaluate the relevant economic, financial and other information used by the General Partner in the selection and monitoring of investments of the Funds. Accordingly, no person should purchase interests unless such person is willing to entrust all aspects of the management of such Fund to the General Partner. Moreover, success of a Fund will depend on the ability of the General Partner to identify and consummate suitable investments, to assist the management of portfolio companies in building successful businesses and to dispose of investments of such Fund at a profit.



***Dependence on Investment Professionals.*** The Funds will be dependent upon the activities of investment professionals and other personnel of the General Partner and BVP ("Investment Professionals"). The loss of one or more of such individuals could have a significant adverse impact on the business of the Funds. In addition, Investment Professionals devote time and energy to several Funds at the same time, including Funds that are yet to be formed. Accordingly, Investment Professionals will be unable to devote their exclusive attention to the affairs of any one Fund. Further, each of the Investment Professionals have fiduciary duties to the existing investment funds and will have fiduciary duties to potential successor funds, including an obligation to make investment opportunities available to such funds.

***Limited Access to Information.*** The rights of limited partners to information regarding the Funds and their portfolio companies will be specified, and strictly limited, in each Fund's Governing Documents. In particular, it is anticipated that the General Partner will obtain certain types of material information that will not be disclosed to limited partners. For example, the General Partner may obtain information regarding portfolio companies (e.g., via partners of the General Partner serving as advisors to, or officers/directors of, portfolio companies) that is material to determining the value of securities issued by such portfolio companies. Such information may be withheld from limited partners in order to comply with duties to such portfolio companies or otherwise to protect the interests of such portfolio companies or the Fund. Decisions by the General Partner to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to sell its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for limited partners to subject the General Partner to rigorous oversight.

***Side Letters.*** The General Partner may enter into a side letter or other similar agreement with a particular limited partner in connection with its admission to a Fund without the approval of any other limited partner, which would have the effect of establishing rights under or supplementing the terms of the Governing Documents of a Fund with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners. Such rights or terms in any such side letter or other similar agreement may include, without limitation, rights or terms necessary in light of the legal form, residency, ownership or control, tax, legal or regulatory requirements or other particular characteristics of a limited partner.

***Consequences of Failure to Make Contribution in Full.*** A Fund's investments in portfolio companies will require capital calls on limited partners over an extended period of time. Failure by a limited partner to meet a capital call could result in the failure of such Fund to make desired investments, which could have adverse consequences for such Fund and thus all of the limited partners. The failure by a Fund to receive a significant portion of capital contributions due from limited partners in respect of their commitments could materially impair a Fund's ability to realize its financial objectives. The failure of a limited partner to respond to a capital call may also result in the forfeiture of all or a substantial portion of such limited partner's then existing interest.

***Involuntary Withdrawal.*** The General Partner of a Fund may require the complete or partial withdrawal of a limited partner from a Fund in certain circumstances. Any such withdrawal would likely reduce the amount of capital available to the Fund for investment or other activities.

***Impacts of Excuse or Exclusion.*** A limited partner's participation in a Fund's investments may be limited by virtue of such Fund's General Partner's right to exclude a limited partner from, or a limited partner's right to be excused from, participating in certain of such Fund's investments as set forth in the applicable Partnership Agreement, thereby increasing the participation of other limited partners. As a consequence of one or more limited partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating limited partners could be adversely affected in a material manner by the unfavorable performance of even one investment by a Fund.

***Cybersecurity Breaches.*** BVP and the Funds' portfolio companies depend heavily upon computer systems to perform necessary business functions. Although BVP has implemented, and portfolio companies will likely implement, a variety of security measures, these computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering.

Like other companies, BVP and the Funds' portfolio companies may experience threats to their respective data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, such computer systems and networks, or otherwise cause interruptions or malfunctions in BVP's, the Funds' or their respective portfolio companies' operations, which could result in damage to BVP's, the Funds' or their respective portfolio companies' reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

***Changes in Environment.*** Each Fund's investment program is intended to extend over a period of years, during which the business, economic, political, legal, tax, regulatory, and technology environment within which the Funds operate may undergo substantial changes, some of which may be adverse to the Funds. The General Partner of each Fund will have the exclusive right and authority (within limitations set forth in the Governing Documents) to determine the manner in which a Fund shall respond to such changes, and limited partners generally will have no right to withdraw from a Fund or to demand specific modifications to a Fund's operations in consequence thereof. A major recession or adverse developments in the securities or credit markets might have an impact on some or all of a Fund's investments. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by a Fund. In addition, factors specific to a portfolio company may have an adverse effect on a Fund's investment in such company. The General Partner of each Fund may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are



inherently subject to uncertainty and to certain factors beyond the control of the portfolio company and the General Partner. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by partners of the General Partner in the past may not be successful, or even practicable, during a Fund's term.

***Public Health Emergencies; COVID-19.*** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and BVP may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

***Natural Disasters, Geopolitical Events and Similar Dislocations.*** Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on operating companies and other developing economic enterprises in such country. Also, geopolitical events and the fear of a prolonged global conflict can result in increased short-term economic volatility. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global

financial crises, major disruptions in credit markets and uncertainties relating to sovereign debts and economic stability or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, result in longer holding periods for investments and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. The effects of geopolitical events, military action or similar events on global and domestic economies and securities markets cannot be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation and other factors relating to a Fund's investments.

***Business Continuity Plans.*** In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, BVP will initiate its business continuity plan to safeguard that its employees have the resources and technology necessary to continue their responsibilities and investment and investor needs. BVP is not able to predict the level of disruption that such catastrophic events may have on its operation or the ability of its plan to succeed in a time of crisis. Thus, its business continuity plan may be insufficient to continue operating BVP's business as usual in light of such unforeseen circumstances. Any insufficiency in the business continuity plan could cause interruptions in the operations of BVP, the Funds and their investments, and/or each of their respective affiliates.

***Sanctioned Investors.*** If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") or equivalent non-U.S. authorities) (a "Sanctions List"), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Funds.

***CFIUS and National Security Clearance Considerations.*** Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General

Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory committee rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow a Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

***The AIFMD and the UK AIFMR.*** The Directive on Alternative Investment Fund Managers, together with any supplementary regulation implemented in the UK following Brexit ("UK AIFMR"), or subordinate legislation or guidance thereto implemented in any relevant jurisdiction (the "AIFMD"), imposes requirements on AIFMs (as defined in the AIFMD) that market AIFs (as defined in the AIFMD) to professional investors who are domiciled or have a registered office within the European Economic Area (the "EEA") or the UK, as applicable. The UK AIFMR currently imposes compliance obligations that are broadly similar to those described below in connection with a non-EEA AIFM marketing a non-EEA AIF.

For these purposes certain of the Funds are non-EEA and non-UK AIFs and the Firm is a non-EEA and non-UK AIFM. As a non-EEA entity, the Firm is required to comply with the national private placement regimes in those EEA member states that allow private placement and in which interests in a Fund are marketed and sold. Compliance with these requirements may result in significant additional costs over the life of the Funds and may reduce returns to investors. BVP and its affiliates and agents have endeavored to comply with these rules as interpreted but there is no absolute certainty as to their successful compliance. In the event that BVP or any of its affiliates or agents is found to have breached the provisions of the AIFMD (inadvertently or otherwise), such parties (and/or a Fund indirectly) may face regulatory sanctions and/or EEA investors may seek to rescind their interests, which would result in significant costs and ultimately materially and adversely affect such Fund.

***Foreign Investments.*** The Funds are expected to invest in securities of portfolio companies organized or headquartered outside the United States. Such investments may present a variety of risks not presented by investments in United States portfolio companies, including risks associated with: (i) fluctuating currency exchange rates; (ii) different accounting standards; (iii) different legal protections for investors; (iv) unusual regulatory burdens; (v) political instability; (vi) multiple taxing jurisdictions; and (vii) changes in tax laws and treaties and any interpretation thereof.

Even those portfolio companies that nominally are United States portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant foreign risks due to the increasingly international nature of many companies (which may, for example: (i) rely upon international location or outsourcing of research, development, manufacturing or other operations; (ii) seek alliances with non-United States partners; or (iii) seek non-United States customers). Any adverse change to the political, economic, military or social

environments in the host countries of the Fund's portfolio companies could have a significant adverse effect upon the operations or financial performance of the Funds.

***Risks Related to Israel Investments.*** The Funds intend to make investments in portfolio companies located in Israel. As a result, the Funds may be affected by the political, military or economic conditions in the Middle East. The continuation of uncertainty of the state of relations between Israel and its neighbors in the Middle East, or commencement of limited or open hostilities with Iran or one or more of the Arab countries in the region may have a material adverse effect on the Israeli portfolio companies of the Funds. There can be no assurance that a full resolution of these issues will be achieved or as to the nature of such resolution.

***Risks Related to Investing in China. Political and other factors.*** The Funds intend to make investments in portfolio companies located in China. In the course of investing in China, the Funds will be exposed to the direct and indirect consequences of political, economic, social or diplomatic changes in China that could adversely affect its investments. China could face potential social and political instability. China's economic reform program started in 1979 and over time has led to significant economic development and substantial improvements in the standard of living. Since 2004, the Chinese government has implemented various measures to encourage economic development and guide the allocation of resources and has exercised significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Such measures and any changes thereto may affect the level of economic activity in China, which in turn could adversely affect the Funds' performance. There can be no assurance that any reform-oriented economic policies will continue under the current and future political leadership in China. Despite China's ongoing transition to a market-driven economy, the Chinese government continues to own, directly or indirectly, a substantial portion of China's productive assets and plays a significant role in regulating development through industrial policies, taxation, allocating resources, regulating payments of foreign currency obligations, imposing credit policies on commercial banks and setting monetary policy. Many reform-oriented policies and measures are unprecedented or experimental, may cause fiscal deficits, inflation or other economic imbalances, and may be reversed, suspended, delayed or expanded over time. There can be no assurance as to the economic and tax policies that the government may pursue in the future, and there is the possibility of nationalization, expropriation or confiscatory taxation or governmental regulation, which could adversely affect the Chinese economy and/or the value of the Funds' investments.

***New sector risk.*** Venture capital in China is still at an early stage of development relative to developed economies and, in this respect, the investment risks associated with the alternative investments sector may be considered riskier than those of the other more established asset classes. Additionally, given the sector's short history in China, it may be difficult for an investor to assess the potential future performance and risks associated with investments in China's developing venture capital markets.

*Securities markets.* The General Partner of each Fund may seek to realize gains on investments by selling securities into the Chinese public markets. Trading volume on Chinese stock exchanges generally is substantially lower than those on stock exchanges in developed countries. Further, securities of companies in China are typically less liquid and more volatile than securities of comparable companies in developed countries. The limited liquidity of China's securities markets may affect the ability of the Funds to dispose of securities at the desired prices and times. In addition, certain securities markets in China are susceptible to being influenced by large investors trading significant blocks of securities or making large dispositions of securities following their failure to meet margin calls when due. Commissions from trading on stock exchanges in China are also generally higher than those in the developed countries.

*Legal risks.* There are uncertainties regarding the interpretation and application of Chinese laws and regulations. The Chinese legal system is based on written statutes and prior court decisions may be cited for reference but have limited precedential value. Many laws and regulations, including those applicable to foreign investments, are relatively new and are evolving in response to changing economic and other conditions and, because of the limited volume of published cases and their non-binding nature, any particular interpretation and enforcement of Chinese law involves a degree of uncertainty. China may not accord legal rights (or protection for such rights) equivalent to those that limited partners might expect in countries with more mature foreign investment laws and regulations. Furthermore, China is geographically large and divided into various provinces and municipalities and, as a result, laws, rules, regulations and policies applicable across localities may have different local applications and interpretations. The effectiveness of newly enacted laws, regulations or amendments may be delayed in certain regions, resulting in detrimental reliance by foreign investors. In some cases, new laws and regulations may be applied retroactively. The Chinese government has broad discretion in the interpretation and enforcement of laws and regulations. As a result, the Funds cannot predict the effect of future developments in the Chinese legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the preemption of local regulations by national laws or the overturning of any local government's decisions by higher levels of government. These uncertainties may limit legal protections available to the Funds, the General Partners, BVP, or the Funds' portfolio investments, which may be subject to sanctions in the event of non-compliance with Chinese law.

In addition, the Fund or a portfolio investment could be required to restructure or cease to provide certain services as a result of further developments in the Chinese legal system. Any of these or similar events could significantly disrupt or limit the Fund's or a portfolio investment's business operations, which could materially and adversely affect the Fund's performance. In addition, the Chinese legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, the General Partner may not be aware of the Fund's violation of these policies and rules until sometime after the violation.

*Chinese intellectual property protection.* Historically, the implementation of Chinese intellectual property-related laws has been significantly lagging behind, primarily because of ambiguities in the

Chinese laws and enforcement difficulties. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as in the U.S. and EU countries. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and the portfolio companies of the Funds may need to resort to litigation to enforce or defend their intellectual property rights or to determine the enforceability, scope and validity of their intellectual property rights or those of others. The experience and capabilities of Chinese courts in handling intellectual property litigation varies, and outcomes are unpredictable. Such litigation and an adverse determination in any such litigation, if any, could result in substantial costs and diversion of resources and management attention, which could harm the portfolio company's business and competitive position.

*Corruption.* Although the Chinese government has recently made serious efforts to combat corruption, corruption has been a long-existing problem in China which can hardly be resolved in a short time. The effects of corruption seriously constrain the development of local economies, erode stability and trust and China's macro-economic and social costs are immense. Corruption could cause the Funds' investments to be adversely affected, including through loss of rights to assets or profits or operational difficulties.

***Risks Associated with Chinese Economy.*** China is the world's largest economy (measured based on purchasing power parity) and the largest trading partner for many countries in the Asia Pacific region, including Australia and South Korea. The Chinese government has in recent years implemented a number of measures to control the rate of economic growth, including raising interest rates and adjusting deposit reserve ratios for commercial banks, and through other measures designed to tighten credit and liquidity. While the Chinese economy has shown signs of improvement, a slowing of China's gross domestic product growth rate could have a systemic impact on the global economy. The Chinese economy differs from the economies of other countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In the past, certain measures, including interest rate increases and certain economic reform, had the effect of slowing down economic growth in China. Because China has the world's largest economy, positive or negative changes to the same are likely to have ramifications on manufacturing companies such as those the Fund intends to invest in across the globe (whether or not such companies have operations in China) that may not be predictable.



***Investments in Emerging Markets.*** The Funds will be permitted to make investments in portfolio companies that may have factories or facilities in emerging markets such as China, India, Brazil and countries located in emerging Europe. Investing in emerging markets involves risks and special considerations not typically associated with investing in more established economies or markets including, among other things: (i) higher dependence on exports and the corresponding importance of international trade; (ii) greater risk of inflation; (iii) inability to exchange local currencies for United States dollars; (iv) increased likelihood of governmental involvement in and control over the economy; (v) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (vi) less developed compliance culture; (vii) risks associated with differing cultural expectations and norms regarding business practices; (viii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (ix) less developed, reliable or independent judiciary systems for the enforcement of contracts or claims; (x) greater regulatory uncertainty; (xi) maintenance of the Funds' investments with non-U.S. brokers and securities depositories; and (xii) threats or incidents of corruption or fraud, all of which may adversely affect the return on the Funds' investments.

Repatriation of investment income, assets and the proceeds of sales by Investors foreign to such markets, such as the Funds, may require governmental registration and/or approval in some emerging markets. The Funds could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Fund or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements or authorities. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Funds may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

***Risks Related to India Investments.*** Political, social and economic institutions in countries with emerging economies may lack stability and undergo rapid and significant changes. India, as a country with an emerging economy, has in the past experienced and may in the future experience significant political, economic and social instability, which could adversely affect the Funds' investments. Such instability could result from, among other things, demands for improved political, social and economic conditions. Expropriation, confiscatory taxation, nationalization, political,

economic or social instability or other developments could adversely affect the Funds' investments in India.

**Indian Regulatory Matters.** Indian regulatory agencies, including the Reserve Bank of India ("RBI"), the SEBI, and other government authorities exercise considerable authority over the practical ability of non-Indian resident persons to purchase or sell securities of Indian companies. For example, there may be limitations on investments in certain sectors of the Indian economy, price regulations for publicly listed securities and unlisted securities, statutory holding periods and various other restrictions on investing in Indian securities. In the past, the Indian government has imposed substantial burdens upon the ability of foreign investors to repatriate income and capital. Although many of these obstacles have been removed, there can be no assurances regarding future restrictions on the ability of the Funds to deliver Fund assets to non-Indian resident investors, including restrictions on the ability to exchange Indian rupees for United States dollars.

The India regulatory environment may change during the term of the Fund. The changes in laws and regulations (or in the interpretations thereof) may occur from time to time and may worsen the legal and tax constraints within which the Fund will operate and, as a result, may require structuring and financing alternatives to be identified and implemented which may, inter-alia, lead to increased legal costs and reduced returns. In particular, tax laws and regulations or their interpretation may change and there can be no assurance that the structure of the Funds or their investments will be tax efficient. Further, India is subject to rapid changes in legislation, many of which are extremely difficult to predict and may have retroactive effect. Such changes could have an adverse effect on the Funds and its ability to engage in investment activities in India and consequently on the limited partners and may require substantial time, attention and resources.

**Indian Political, Economic and Social Risks.** Political, economic and social factors, and the status of India's relations with other countries, may adversely affect the value of the Fund's assets. Since the 1990s, India has generally moved towards the liberalization of its economy. However, India has a history of central planning, nationalization of certain private companies, and extensive regulation and licensing of Indian enterprises. There can be no assurance that liberalization will continue, and the actions of the Indian government in the future could have a significant effect on the Indian economy, which may affect portfolio companies and the Funds as well as general market conditions. In addition, the economy of India may differ favorably or unfavorably from other economies in several respects, including the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. India also has a history of terrorism, ethnic unrest and border disputes with Pakistan, particularly over the Kashmir region. The occurrence of terrorism, internal unrest or external conflict could adversely affect the political and economic stability of India and consequently adversely affect the Funds.

It is anticipated that the Funds will seek liquidity for a significant portion of its investments via Indian stock exchanges. Such exchanges may have lower trading volumes, greater volatility and other negative attributes relative to exchanges in the United States.



**Indian Interest and Inflation.** Historically, India has had a high inflation rate relative to the United States. High inflation levels have led the RBI to adopt a tight monetary policy stance which in turn has contributed to relatively high lending rates. There can be no assurance that the inflation rate will moderate in the near future and that the RBI will ease its monetary policy. Further, frequent changes in the inflation rate in India may have an adverse effect on the ability of the Funds to make investments and to dispose of portfolio investments on attractive economic terms within the term of the Fund.

**International Conflicts.** Wars and other international conflicts such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade, and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds and or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

**Ability to Enforce Legal Rights.** Because of differences in laws, and the varying effectiveness of judicial systems, in India and the other countries in which the Funds may invest, the Funds (or a portfolio company) may have difficulty in successfully pursuing claims in the courts of such countries, as compared to the United States or other developed countries. In particular, intellectual property rights are not as well protected in India as in the United States. Furthermore, to the extent that a Fund or a portfolio company obtains a judgment but is required to seek its available.

**No Assurance of Confidentiality.** As part of the subscription process and otherwise in their capacity as limited partners, investors in the Funds will provide significant amounts of information about themselves to BVP and the Fund. In particular, "know your customer" regulations imposed by Mauritius and Indian authorities and administrators are expected to be substantially more intrusive than regulations in the United States. Under the terms of the Governing Documents of each Fund as well as applicable laws, such information may be made available to other limited partners, third parties that have dealings with the Funds, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). If a Fund invests in portfolio companies in certain highly regulated industries, the Fund may be required to make disclosures in connection with such investment. In addition, although the Fund, the General Partner

and BVP will have measures in place to protect its data, breaches of such security measures could result in the theft of all or a portion of information regarding the Fund's limited partners.

**Regulated Businesses.** Certain companies in which the Funds invest will be in regulated industries. Changes in regulations applicable to such companies could have a negative impact on their business and operations. Such companies could also be subject to enforcement or other proceedings relating to their compliance or non-compliance with applicable regulations, which could negatively affect such companies and the Funds' investment in those companies.

**Privacy and Data Protection Law Compliance Risk.** The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of BVP, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for BVP, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include BVP, the General Partners, the Funds and/or their portfolio companies.

**Funds Not Registered.** The Funds are not expected to be registered under the 1940 Act pursuant to an exemption set forth in Section 3(c)(1) and/or Section 3(c)(7) of the 1940 Act. The 1940 Act provides certain protection to investors and imposes certain restrictions on registered investment companies (including, for example, limitations on the ability of registered investment companies to incur debt), none of which will be applicable to the Fund. The General Partner is not registered as a broker/dealer under the Exchange Act or with FINRA and is consequently not subject to the record keeping and specific business practice provisions of the Exchange Act and the rules of FINRA.

**Hedging Techniques.** From time to time, the Funds may have investments in public companies but the shares of such companies held by the Funds are illiquid and/or not freely tradable. The General Partner may cause a Fund to engage in hedging techniques in an effort to maintain the value of such investments until the corresponding shares become liquid and freely tradable. The General

Partner also may cause a Fund to enter into currency hedges with respect to investments denominated in non-US currencies.

**Leverage.** Although the General Partner generally intends that any borrowing by the Funds would be on a short-term basis only and subject to the limitations on borrowing in each Fund's Governing Documents, portfolio companies may borrow without limitation. In certain cases, this may include borrowing by portfolio companies as part of the transaction in which a Fund invests in such companies. While portfolio company leverage presents opportunities to increase a Fund's total return from its investment in such portfolio companies, it also has the effect of potentially increasing losses. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. If the income and cash flow of such portfolio companies are less than the required interest payment on the borrowings, the value of such portfolio companies, and thus of the Fund's investment, may decrease or the Fund could suffer a total loss. Lenders often impose restrictive financial and operating covenants on portfolio companies that are leveraged. Accordingly, any event that adversely affects the value of an investment by the Fund may be magnified to the extent that a portfolio company is leveraged. Subject to the limitations in a Fund's Governing Documents, the Funds also may guarantee the indebtedness of any portfolio company. Consequently, if a portfolio company's cash flow is insufficient to cover its debt obligations, a Fund may be called upon to fund all or a portion of a portfolio company's debt obligations to satisfy such guarantees. This may reduce the amount of capital the Fund has available for other purposes and could adversely affect returns for the investors in the Fund.

**Certain Risks and Costs of Leverage Below a Fund.** Even though it presents many of the same risks as Fund-level borrowing, indebtedness of entities other than a Fund will not be treated as Fund-level borrowing for purposes of the Governing Documents, even if the special purpose vehicles or other entities incurring such leverage engage in borrowings that are cross-collateralized with or among multiple investments such that multiple investments and a substantial portion of a Fund's value are at risk. As a result, these borrowings will not be subject to any limitations on Fund-level borrowing in the Governing Documents. Since we have more flexibility to engage in these structures, we have an incentive to incur significant leverage at the level of holding companies beneath a Fund. The negative performance of one asset may materially and adversely impact the performance of other investments or a Fund as a whole.

**Use of Subscription Lines.** The Funds' Governing Documents authorize funding investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be

borne by the applicable Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to Fund such investments, or repay borrowings used to Fund such investments, are actually made to the applicable Fund. To the extent a particular limited partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's Carried Interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time.

In other circumstances, the use of Fund-level borrowing can increase the base of a Fund's management fee calculation, such as during periods where management fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because management fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's management fee calculation under the Governing Documents.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, which could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

**Controlled Group Risks.** Under ERISA, members of certain "controlled groups" of "trades or businesses" may be jointly and severally liable for contributions required under any member's tax-qualified defined benefit pension plan and under certain other benefit plans. Further, if any member's tax-qualified defined benefit pension plan were to terminate, underfunding at termination would be the joint and several responsibility of all controlled group members, including members whose employees did not participate in the terminated plan. Similarly, joint and several liability may be imposed for certain pension plan related obligations in connection with the complete or partial withdrawal by an employer from a multiemployer pension plan. Depending on a number of factors, including the level of ownership held by the Funds and other co-investors in a particular portfolio company, a Fund may be considered to be a member of one or more portfolio company's "controlled group" for this purpose.

**U.S. Taxation of Carried Interest.** U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or BVP who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for BVP to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

**Changes to Benchmark Rates.** To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate (SOFR) or other rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

**Increased Regulatory Scrutiny of Fund Sponsors.** In recent years, the SEC has particularly scrutinized the private equity industry, including conducting numerous examinations and bringing a number of enforcement actions against private fund managers. Changes in law or regulations may adversely affect the value of instruments held (directly or indirectly) by a Fund, may affect the ability of such Fund to pursue its investment strategies, or may restrict or prevent the General Partner and/or BVP from continuing to perform services for such Fund in the manner currently contemplated.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of BVP and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact BVP and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

**Environmental, Social and Governance ("ESG") Matters.** BVP maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory, or contractual requirements. Applying ESG factors to investment decisions is subjective by nature, and BVP expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that the criteria utilized by BVP, or any judgment exercised by BVP, will reflect the beliefs, values internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, BVP's ESG policy and associated ESG practices are expected to evolve over time. Although BVP views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, BVP cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund. The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues, and considerations do not apply in every instance and will vary by Fund and investment. In addition, in evaluating an investment, BVP expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause BVP to incorrectly assess a company's ESG practices and/or related risks and opportunities. BVP does not intend to independently verify all ESG information reported by investments or third parties.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers. BVP's adoption and

adherence to various such principles, frameworks, methodologies, and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions. BVP's ESG policies and associated ESG practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and BVP cannot guarantee that its current approach including the ESG policy and associated ESG practices will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs.

***Inflation.*** Certain countries have experienced and may in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and continue to have negative effects on the economies and securities markets (both public and private) of certain countries in which the Funds may invest and may materially and adversely affect the Funds' investment results.

## Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or an investor's evaluation of BVP.



## Item 10. Other Financial Industry Activities and Affiliations

### Fund General Partners

The General Partners of the Funds are directly or indirectly controlled by the principals of BVP. Each of the General Partners will rely on BVP's investment adviser registration in accordance with SEC guidance under the Advisers Act. Together the General Partners and BVP operate as a single advisory business and are subject to a unified code of ethics and compliance program adopted by BVP pursuant to the requirements of the Advisers Act. The General Partners control the business and affairs of the Funds.

### Affiliated Sub-Managers

BVP is advised by six participating affiliates, Bessemer Venture Partners Management Co. Ltd., Reed India Consulting LLP, BVP Hong Kong Limited, BVP Israel Investors Limited, BVP India Investors Private Limited, and BVP UK & Europe Investors Limited. All of the entities listed above act as sub-advisers to BVP, provide investment advice on certain investment opportunities to BVP, and do not conduct other material investment advisory activities.

Additionally, Forge Deer Management Co. L.P., the investment adviser to the BVP Forge family of funds ("BVP Forge"), is registered as a relying adviser under BVP's Form ADV.

### BVP Managing Partner Activities and Relationships

Robert P. Goodman ("Mr. Goodman"), a Managing Partner of BVP, is currently a Director, President, and Chief Executive Officer of BSC, as well as a Director of The Bessemer Group, Incorporated. Historically, Mr. Goodman served as a board observer at BSC's board meetings to report on the performance and strategy of the applicable Funds and share his perspective overall on the technology investment environment. As a result of Mr. Goodman's new position, Mr. Goodman will not participate in any decisions regarding BSC's investment in the Funds, including any future commitments BSC may consider in the Funds. It is not expected that Mr. Goodman's role as a board member will materially alter the time and attention previously associated with Mr. Goodman's prior responsibilities as a board observer, nor is it expected to impact the time and attention Mr. Goodman has historically devoted to the operation of any of the Funds. In addition, Mr. Goodman's role of President and Chief Executive Officer of BSC is not expected to materially impact Mr. Goodman's time allocation to the Funds due to the more limited role of chief executive officer in the operational framework of BSC.

BVP expects to take reasonable steps to ensure that Mr. Goodman, in his BSC capacity, will not participate in any decisions regarding any transaction related to the Funds and BSC that conflict with the Funds' activities. For example, any decision made with respect to BVP's ongoing relationship with BSC will be approved by other members of BVP's management committee. Further, BSC has committed to BVP that Mr. Goodman will be recused from any involvement in

decisions in his role at BSC that could impact BVP materially. BVP recognizes there are other potential conflicts as well that it intends to address with ethical walls and recusal processes. For example, BVP has established an Ethical Wall Policy and Procedure that applies to all directors, partners, officers, managers, and employees of BVP, including Mr. Goodman, to ensure that confidential and proprietary information Mr. Goodman may receive and/or have access to on account of his activities for BVP and/or BSC is not shared inappropriately or in a way that could cause legal or regulatory exposure to BVP or otherwise have a materially negative impact on the Funds.

### **Other Activities and Relationships**

The employees of BVP and its affiliates serve on the boards of directors of portfolio companies of Funds as well as other companies, some of which may be public companies, including financial services companies. Serving in such a capacity has the potential to give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company or other company as a director conflict with the interests of the relevant Fund.

In addition, certain of BVP's current or former principals, personnel, senior advisors, affiliates or investment professionals, expect to invest in other private investment vehicles ("External Funds") managed by other advisers. The investment strategies of the External Funds are not expected to overlap with the investment strategies of the Funds, and it is not anticipated that the External Funds would pursue the types of investments sought by BVP for the Funds.

BVP also owns a material interest in the General Partner to Cloud All Star Fund LP ("Cloud All Star Fund"). Cloud All Star Fund's investment objective is to invest primarily in equity and equity-related securities of cloud-based SaaS and Enterprise companies, with maximum third-party capital commitments of \$15 million.

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

### Code of Ethics

BVP's Code of Ethics requires its employees to act at all times in accordance with BVP's fiduciary duty to its Funds. Each employee is required to (i) at all times place the interests of the Funds before his or her own interests, (ii) act with honesty and integrity with respect to the Funds and the Funds' investors, (iii) never take inappropriate advantage of the his or her position for personal benefit, (iv) make full and fair disclosure of all material facts, particularly where BVP's or the employees' own interests may conflict with a Funds', and (v) have a reasonable, independent basis for the employee's investment advice. The Code of Ethics includes policies regarding personal trading by BVP's employees and members of their immediate families. These policies set certain limits to personal trading by employees in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, and derivative instruments. Employees must report every account that they use for the trading of securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear all securities transactions in those accounts. Employees must also provide for transaction and holding data to be sent electronically to BVP or via hard copy at least quarterly. BVP also maintains a restricted securities list, and BVP employees are generally prohibited from trading securities of issuers on the restricted list.

BVP or its personnel may come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, BVP and its personnel are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of BVP. Accordingly, should BVP or its principals or employees come into possession of material nonpublic or other confidential information with respect to any public company, BVP is prohibited from communicating such information to the Funds, and BVP has no responsibility or liability for failing to disclose such information to the Funds as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of BVP's personnel serving as directors of public companies and may restrict trading on behalf of the Funds. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and/or may not be able to sell an investment that it otherwise might have sold.

A copy of the Code of Ethics is available to any client or prospective client upon written request by writing to Bessemer Venture Partners, 1865 Palmer Avenue, Suite 104, Larchmont, NY 10538.

### Participation or Interest in Client Transactions

BVP and certain personnel, partners, other personnel and associates of BVP are permitted to invest in and alongside a Fund, either through the General Partner, as direct investors in a Fund or otherwise. Personnel and associates of the General Partner and BVP will, through one or more

special purpose investment vehicles, individually or through entities they control, make investments separate and apart from, or alongside with, the Funds, and will have the ability to selectively participate in a Funds' portfolio investments and contribute varying amounts of capital to such portfolio investments. A Fund or its General Partner, as applicable, routinely reduces all or a portion of the management fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" below.

### **Conflicts of Interest; Resolution of Conflicts**

BVP engages in a broad range of activities, including investment activities for its own account and providing transaction-related, investment advisory, management and other services to the Funds and their investments. In the ordinary course of conducting its activities, the interests of the Funds have the potential to conflict with the interests of BVP. Certain conflicts of interest, as well as a description of how BVP addresses such conflicts of interest, can be found below. This discussion does not describe all of the conflicts that may arise.

On any matter involving a potential conflict of interest not provided for in the Governing Documents of a Fund, the relevant General Partner or managing member and BVP will be guided by their good faith judgment as to the best interests of the Fund and shall take such actions as are determined by the relevant General Partner or BVP, as the case may be, to be necessary or appropriate to ameliorate such conflicts of interest. The relevant General Partner, managing member, or BVP also may consult with either a board of advisors composed of selected representatives of the investors in the Fund, or the investors themselves, with respect to any matter as to which the relevant General Partner determines in good faith that such a conflict of interest exists.

BVP, as permitted by the Governing Documents, establishes certain investment vehicles through which certain personnel of BVP or its affiliates, certain current or prospective investors or other persons, including certain business associates, other sponsors, market participants, finders, consultants and other service providers, portfolio company management or personnel, BVP's personnel and/or certain other persons associated with BVP and/or its affiliates, are permitted to invest alongside a Fund in one or more investment opportunities. Such vehicles, referred to herein as "co-investment vehicles," will, in certain instances, be contractually required to purchase and sell certain investment opportunities at substantially the same time and substantially the same terms as a Fund. Such co-investment vehicles do not pay advisory fees or Carried Interest.

## Potential Conflicts

### Allocations

BVP and its affiliates currently manage the existing Funds, and may in the future manage other Funds, including any potential successor funds of the Fund, which invest in assets eligible for purchase by the Fund. The investment policies, fee arrangements and other circumstances of the Fund may vary from those of other Funds. The General Partner generally expects to make investment opportunities in new portfolio companies (i.e. companies that are not portfolio companies of existing Funds) that are within the scope of each Fund. However, BVP expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of BVP. In determining which investment vehicles should participate in such investment opportunities, BVP and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, BVP is not obligated to recommend any investment to any particular investment vehicle.

### Allocation of Follow-on Investment Opportunities

It is the intention of the General Partner and BVP, in the first instance, to consider follow-on investment opportunities in a particular portfolio company on a Proprietary and Confidential priority basis for the Fund(s) that have an existing investment in such portfolio company. If more than one Fund has an existing investment in a portfolio company, follow-on investment opportunities for that company are generally expected to be allocated in proportion to the aggregate amount invested by each such entity in the applicable portfolio company. Notwithstanding the foregoing, the General Partner and the general partner of such other Fund may allocate such opportunities differently, including allocating all or a portion of such opportunity to other Funds, taking into account any factors as such entities deem relevant under the circumstances including, without limitation, investment objectives, liquidity considerations, available capital, the amount of capital required for the applicable investment opportunity, remaining investment periods, the nature of the applicable security or transaction, reasons of portfolio balance, construction and diversification, differences in risk profile, the sourcing of the transaction, current and anticipated market and economic conditions, the amount of potential follow-on investing that may be required for such investment, potential conflicts of interest, tax, legal or regulatory considerations and other limitations or restrictions applicable to the Fund and/or such other Fund.

### Crossover Investing

The Funds have invested, and may in the future invest in companies in which one or more existing or future Funds holds an interest. The initial investment by a Fund in companies in which another Fund has an existing investment generally will be subject to the approval of the advisory committee of the Fund. Such approval requirement will not apply to follow-on investments made by a Fund in existing portfolio companies in which another Fund has an existing investment regardless of

whether (and the extent to which) such other Fund participates. Existing and/or future Funds may make investments in companies in which a Fund has an existing investment, with the amount of such investment and any contemporaneous investment by such Fund being determined by the General Partner and its affiliates on a case-by-case basis. Approval of the Fund's advisory committee is not required for any such investment.

Where investments by the Funds in the same company are made at different times or in different proportions in separate financing rounds for that company, conflicts of interest may arise with regard to valuations, exit opportunities and other matters. Conflicts will tend to arise to the extent that such other Funds invest in securities of a portfolio company that have different rights than the securities of such portfolio company held by another Fund. Even if investments in the same company by a Fund and one or more other Funds are made in the same securities, at the same time and in the same proportions across multiple financing rounds, conflicts may arise because of different liquidity needs and different time horizons among the Funds. Although each Fund generally establishes procedures to address such conflicts mentioned above, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to a certain Fund and its limited partners. Additionally, the Governing Documents often will restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of a Fund in a portfolio company held by other Funds, or may give priority with respect to investments to one or more Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds. However, BVP may or may not, in their sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

Bessemer Venture Partners Century Fund II Institutional L.P., Bessemer Venture Partners Century Fund II L.P., Bessemer Venture Partners Century Fund II Parallel L.P. and all prior and successor funds thereto (collectively referred to herein as, the "Century Funds") invest in companies in which other Funds have invested or are contemporaneously investing, and the terms and conditions of any Century Fund may differ from the terms and conditions of other Funds. Such investment practices by the Century Funds may give rise to certain conflicts of interest matters, for example, with respect to the allocation of investment opportunities.

## **Principal Transactions**

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), BVP must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with BVP's management of the Funds, BVP and its affiliates are permitted to engage in principal transactions as discussed in each Fund's Governing Documents. BVP maintains certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the

Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

### **Cross-Transactions**

BVP reserves the right to cause a Fund to enter into a transaction where by the Fund (i) purchases securities from, or sells securities to, other Funds managed by BVP, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. In some cases a portfolio company of one Fund will be merged with or into a portfolio company owned by another Fund. Any of these transactions raise potential 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 BVP 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, BVP, 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). BVP and its affiliates have the potential to receive management or other fees and/or Carried Interest 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. To address these conflicts of interest, in connection with effecting such transactions, BVP intends that any such transaction be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund, and BVP will follow the investment allocation requirements of the relevant Funds (e.g., the Governing Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those Governing Documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the investment allocation requirements, BVP's Chief Compliance Officer ("CCO") will be responsible for confirming that BVP (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions. Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances BVP generally will not seek a fairness opinion or advisory committee consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Governing Documents.

### **Management of the Funds**



BVP expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "Allocation of Investment Opportunities Among Clients" above. BVP may give advice or take actions with respect to the investment of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies may not hold the same securities or achieve the same performance. In addition, a Fund may not be able to invest through the same investment vehicles or have access to similar credit or utilize similar investment strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity. In addition, it is expected that certain employees of BVP responsible for managing a particular Fund will have responsibilities to proprietary investments made by BVP and/or its principals of the type made by a Fund. Conflicts of interest will arise in allocating time, services or functions of these officers and employees.

BVP may consider and reject an investment opportunity on behalf of one Fund and, BVP may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by BVP on behalf of the original Fund considering the investment. In such circumstances, the benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

Additionally, certain of the Funds that make investments in parallel with each other under their Governing Documents have the authority to enter borrowing arrangements that require the applicable Funds to be jointly and severally liable for each other's obligations. If one Fund defaults on the arrangement, the other applicable Funds may be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangements when BVP determines it is in the best interests of each applicable Fund.

### **Co-Investments by Limited Partners and Third Parties; Co-Investment SPVs**

The General Partner is authorized to, but is under no obligation to, in its discretion, provide opportunities to co-invest with the Funds to third parties, including one or more limited partners (and without making any such opportunity available to all limited partners). As is common in the venture capital industry, the General Partner may invite other venture capital and other investment firms, strategic investors and others that are not affiliated with the Funds to participate in investment rounds with a Fund. Beyond such typical "syndication" of venture capital investments, co-investment opportunities for limited partners and others (if any) will be determined on a case-by-case basis by the General Partner and its affiliates. The factors that the General Partner and its affiliates typically consider in allocating any particular co-investment opportunity to one or more limited partners, or to other parties, include, among others and subject to change over time: strategic benefits (whether in connection with sourcing or consummating investment opportunities or otherwise), operational or strategic services or similar benefits provided, or to be provided, to

the portfolio investment, committed financing or lending support (including future needs), co-investment interest (whether a prospective co-investor has indicated to the General Partner a desire to make investments of the type offered by the investment opportunity), certainty or expediency of closing (including how quickly a prospective co-investor is able to conduct its own due diligence and make a decision with respect to an investment opportunity), support in diligence or industry experience, provision of directors, and/or benefits to the investment in terms of regulatory or tax profile and/or other factors relevant to the relationship of a potential co-investor and a particular investment opportunity. Although BVP reserves the right to consider a prospective co-investor's willingness to invest in future funds, such willingness generally will not be the sole determining factor considered by BVP in identifying co-investors. BVP reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, BVP or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment.

As set forth in the Governing Documents, the General Partner or its affiliates are permitted to (but are not be required to) form entities managed or controlled by BVP or an affiliate through which co-investors participate in such co-investment opportunities (a "Co-Investment SPV"). Investors in a Co-Investment SPV may consist of none, or only some of, the limited partners of the Fund. The formation and operation of any Co-Investment SPV gives rise to certain potential conflicts of interest between the limited partners of the Fund and the investors of any such Co-Investment SPV, some (but not all of which) are discussed below. The General Partner will use its good faith judgment in addressing any such conflicts of interest.

Co-investors (and as applicable, a Co-Investment SPV) may be granted or allowed certain rights to participate in follow-on investments with respect to a particular Fund but will not necessarily be granted or offered such rights or otherwise be able to or required to participate in follow-on investments (whether or not a Fund participates). If a Co-Investment SPV participates in later stage financing rounds of a portfolio company of a Fund that is not already an existing portfolio company of such Co-Investment SPV, such Co-Investment SPV investment may be made at different valuations than the Fund's initial investments and may have a liquidation preference senior to a Fund's prior investment. In addition, investing in a single portfolio company with multiple Funds managed by the General Partner and its affiliates could create conflicts of interest among such entities, particularly in down-rounds or distressed situations involving pay-to-play or other similar provisions that could negatively impact a Fund. As a result of the foregoing, additional other conflicts of interest may arise related to valuations, future financings, exit opportunities and other matters with respect to such portfolio companies.

The General Partner and its affiliates may face conflicts of interest when determining whether to allocate any portion of an investment opportunity to a Co-Investment SPV. The General Partner or its affiliates may receive fees, Carried Interest or other compensation in connection with co-investments made by Co-Investment SPVs (and the basis upon which any such fees, Carried Interest or other compensation is determined may differ from the basis upon which they are determined for the Funds). Such amounts will not offset the management fee under the Governing Documents. A Co-Investment SPV may charge a management fee on invested capital (as opposed to on aggregate capital commitments), which may create an incentive for the General Partner and its affiliates to allocate a larger portion of an investment opportunity to a Co-Investment SPV in order to increase the aggregate amount of management fee paid by a Fund and any such Co-Investment SPV. The General Partner's Carried Interest with respect to a Fund and a Co-Investment SPV will be calculated and determined separately (i.e., based on the gains and losses of such entity and without regard to the gains or losses of the other entity). This may create an incentive for the General Partner and its affiliates to allocate investment opportunities between a Fund and a Co-Investment SPV in a manner that the General Partner and its affiliates believe will maximize the amount distributable to the General Partner and its affiliates with respect to any such Carried Interest.

## **Scout Vehicles**

The General Partner or its affiliates may engage any individual that is not a member or employee of BVP (each, a "Scout") to assist in sourcing deals for the Funds. Scouts may receive remuneration for their services, including, without limitation, a portion of the profits related to the deals they source. In certain instances, the General Partner or its affiliates may form and cause the Funds to hold interests in a vehicle that are intended to be a "scout fund" or similar entity intended to generate deal flow for the Funds and make investments in early stage companies and with respect to which any Scout may be entitled to a share of profits (whether in the form of fees, distributions or otherwise) disproportionate to its share of the contributed capital of such vehicle (each, a "Scout Vehicle"). Fees, profits, compensation or other remuneration paid to a Scout or any participant in a

Scout Vehicle is not required to offset the management fees or the Carried Interest payable by a Fund.

It is intended that investments made through a Scout Vehicle will be limited to those sourced and selected by a Scout. The Funds may be expected to bear any fees, expenses and costs related to the organization, operation and maintenance of any Scout Vehicle through which a Fund invests. The Funds may also provide seed or other funding to a Scout Vehicle, which is used for start-up costs and operating expenses, including compensation and/or salary of Scouts in such Scout Vehicle who are consultants (including those serving as "entrepreneurs-in-residence", "executives-in-residence", "venture advisors", "advisors" or in a similar capacity) or third-parties (and not employees) of BVP. Any such costs (including any compensation and/or salary) and any amounts payable to a participant in a Scout Vehicle in respect of his or her equity in, or share of the profits of, such Scout Vehicle would reduce the returns to the Fund and/or the Funds that have invested through such Scout Vehicle.

### **Specialty Funds**

The General Partner or an affiliate, is authorized with the consent of the advisory committee to form and/or manage, either alone or in collaboration with a third party, an investment fund or program whose principal focus is to invest in companies in certain limited geographies and/or sectors (each, a "Specialty Fund") and any such Specialty Fund may invest alongside the Funds in certain portfolio investments and/or may make investments in companies independently from the Funds. The investment scope of such a Specialty Fund is not expected to materially overlap with that of the Fund's, however some of the Funds' investment opportunities may be appropriate for the Specialty Fund and vice versa. The allocation of such overlapping investment opportunities may result in a potential conflict of interest. Additionally, the General Partner, BVP and their affiliates will not be restricted from receiving remuneration (including, without limitation, Carried Interest or management fees) from or related to such Specialty Fund. Such amounts will not offset the management fee under the Governing Documents.

A Specialty Fund may charge a management fee on invested capital (as opposed to on aggregate capital commitments), which may create an incentive for the General Partner and its affiliates to allocate a larger portion of an investment opportunity to a Specialty Fund in order to increase the aggregate amount of management fee paid by a Fund and any such Specialty Fund. The General Partner's Carried Interest with respect to a Fund and a Specialty Fund will be calculated and determined separately (i.e., based on the gains and losses of such entity and without regard to the gains or losses of the other entity). This may create an incentive for the General Partner and its affiliates to allocate investment opportunities between the Fund and a Specialty Fund in a manner that the General Partner and its affiliates believe will maximize the amount distributable to the General Partner and its affiliates with respect to any such Carried Interest. Furthermore, a Fund may, with the prior consent of the advisory committee, invest in such a Specialty Fund and as a result, may be subject to an additional layer of fees, expenses and carried interest.

## **Profits Not Shared in Proportion to Contributed Capital**

The capital contributions of the General Partner will represent only a portion of a Fund's capital. limited partners will invest greater amounts and may receive a proportionately smaller amount of the profits of the Fund than the General Partner. In addition, the General Partner will receive compensation based on appreciation of certain assets of the Fund. As such, the General Partner may have an incentive to make investments that are of higher risk or more speculative than would be the case in the absence of such profit-sharing and compensation arrangements.

## **The General Partner and Limited Partners May Have Disparate Tax Positions**

The tax consequences to the General Partner, and its beneficial owners, with respect to tax items realized by the Funds (including the tax rates applicable to income and gains and the extent to which tax items are deductible or otherwise result in a tax benefit) may be different than the tax consequences to the limited partners, and their beneficial owners, from such tax items. As a result, the General Partner may have tax-related incentives not shared by the limited partners, including tax incentives regarding the types of activities engaged in by a portfolio company, the structure of investments made by the Funds, the manner (and timing) in which investments are disposed of, and the form, nature and timing of distributions made by the Funds to the partners.

## **Special Tax Considerations Applicable to Waiver of Carried Interest by the General Partner**

The Governing Documents provides that the General Partner may elect to waive some or all of an allocation of profit in respect of its Carried Interest that it would otherwise be entitled to with respect to a particular investment. In no event, however, shall the cumulative amount allocated and distributed by a Fund to the General Partner in respect of its Carried Interest, on a cumulative basis over the life of the Fund, after taking into account any adjustments by reason of such waiver, be greater than the cumulative amount otherwise allocated and distributed by the Fund to the General Partner in respect of its Carried Interest, determined without regard to such adjustments. It is possible that certain beneficial owners of limited partners that are organized as partnerships and who are subject to the application of Section 1061 of the Code may have a greater amount of gain recharacterized as short-term capital gain under Section 1061 of the Code as a result of the General Partner's carried interest waiver, compared to the amount of such gain such indirect partner would have had absent any such waiver by the General Partner.

## **Advisory Committee Conflicts**

Under the Governing Documents of the Funds, certain transactions that involve conflicts of interest between the General Partner and a Fund may be submitted to the advisory committee for resolution. However, the advisory committee will not necessarily represent the interests of all the limited partners and the members of the advisory committee may themselves be subject to various conflicts of interest (including as investors in other entities related to partners of the General

Partner). In general, the limited partners will not be entitled to control the selection of advisory committee members or to review the actions or deliberations of the advisory committee.

### **Portfolio Company Interest**

The Funds are expected to have representatives that serve on the boards of directors of portfolio companies and will, as a result, be subject to fiduciary obligations to make decisions that they believe to be in the best interests of the portfolio company. Although such positions in certain circumstances may be important to the Funds' investment strategies and may enhance the applicable General Partner's ability to manage investments, they may also have the effect of impairing the relevant Fund's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the applicable General Partner and/or the Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities law claims and other director-related claims.

Although in most cases the interests of a Fund and its portfolio companies will be aligned, this may not always be the case, particularly if a portfolio company is in financial difficulty. This may result in a conflict between the relevant director's obligations to the portfolio company and its stakeholders, on the one hand, and the interests of the Fund, on the other hand. In some circumstances, having a representative of the Fund serve as a director of a portfolio company will restrict the ability of the Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such portfolio company.

### **Potential Conflicts Relating to Personal Securities Transactions of BVP Personnel**

Personal investment by Investment Professionals and other personnel of BVP can present potential conflicts of interest for BVP and/or its personnel. The directors, officers and personnel of BVP may buy and sell securities or other investments for their own accounts (including through investment vehicles managed by BVP). As a result of differing investment strategies or constraints, or for other reasons, positions may be taken by BVP personnel that are the same as, different from or made at different times than positions taken for the Funds. For the same reasons, directors, officers and personnel of BVP may invest in public or private companies, private equity funds, private venture capital funds, hedge funds, real estate funds, mutual funds and other investments. The potential exists for personal securities transactions by BVP personnel, including those which have been pre-cleared or approved in advance, to generate significantly higher investment returns to such personnel than any of the Fund's investment transactions generate for its own investors. Moreover, BVP may determine that a company identified as a potential investment opportunity for the Funds is not suitable or appropriate for the Funds. The potential exists for BVP personnel, other co-investors or competitors of BVP to invest in such a company and realize significantly higher investment returns than any of a Fund's investment transactions generate for its own investors. Certain Investment Professionals associated with BVP have invested in and provided seed capital to other non-affiliated venture capital, private equity, or hedge fund advisers in their individual capacity and not on behalf of BVP. These BVP personnel may sit on the advisory committees of

these non-affiliated managers but are not permitted to make investment decisions. The Funds are not restricted from making investments in portfolio companies that are also portfolio companies of these non-affiliated managers.

### **Potential Conflicts Relating to Third Party Investment Programs**

Subject to investment restrictions in the Governing Documents, the Funds may make investments in investment vehicles or programs managed by third parties ("Third Party Investment Programs"). Investment opportunities may arise from investments in these Third Party Investment Programs. If such an investment opportunity arises after a successor Fund has begun making investments, then such investment opportunities may be allocated to a Fund and/or such successor Fund in the good faith discretion of the General Partner and the general partner of such successor Fund taking into account any factors as such entities deem relevant under the circumstances including, without limitation, the investment objectives, liquidity considerations, available capital, the amount of capital required for the applicable investment opportunity, remaining investment periods, the nature of the applicable security or transaction, reasons of portfolio balance, construction and diversification, differences in risk profile, the sourcing of the transaction, current and anticipated market and economic conditions, the amount of potential follow-on investing that may be required for such investment, potential conflicts of interest, tax, legal or regulatory considerations and other limitations or restrictions applicable to the Fund and/or such successor Fund. Similarly, investment opportunities may arise in companies in which Third Party Investment Programs of prior funds managed by BVP have invested. Such investment opportunities will be allocated to the Fund and/or such prior Fund in the good faith discretion the General Partner and the general partner of such prior funds based on the same principles as set forth above.

### **Investments in Other Funds**

As permitted by the Governing Documents of the Funds, the Funds may invest in other investment funds or similar entities, some of which may be subject to a management fee and/or a Carried Interest. These types of investments would result in an extra layer of management fee and/or Carried Interest being borne indirectly by limited partners because any management fee or Carried Interest paid by the Funds to the sponsors or managers of such other investment fund or similar entity is not expected to result in a reduction in the management fee or Carried Interest payable by the Fund to BVP or the General Partner, as applicable.

### **Impaired Value Investments**

The Governing Documents provide BVP with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect BVP's compensation. In making such determinations, are subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for BVP or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's management fee and Carried Interest compensation arrangements. BVP expects to be incentivized



to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments have an impaired value) in order to receive greater ongoing management fees and, potentially, earlier and/or larger Carried Interest distributions than would otherwise be the case.

Where the management fee is calculated taking into account the valuation of an investment, BVP will have an incentive to make determinations that result in the continued payment of, or a higher, management fee. Where the Governing Documents do not require management fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, BVP is incentivized to pursue such transactions. Additionally, the amount of Carried Interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments have an impaired value, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment has an impaired value, within the requirements of the relevant Governing Documents.

BVP's wide-ranging authority on the determination of investments having an impaired value, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment has an impaired value, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an investment has an impaired value, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining whether an investment has an impaired value are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of BVP's compensation is dependent in part on an investment's status as an investment that has an impaired value, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although BVP intends to operate in accordance with the Governing Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

### **Potential Conflicts in Calculation of Certain Fund Costs and Expenses**

The Partnership Agreement provides that BVP will bear all normal operating costs and expenses incurred by it in connection with its management of the Fund, other than as provided under the Partnership Agreement. A potential conflict of interest exists in BVP's determination whether certain costs or expenses that are incurred in connection with the operation of the Fund constitute expenses for which the Fund is responsible or whether such expenses should be borne by BVP. The

Fund will be reliant on the determinations of BVP in this regard. Additionally, the Fund will be reliant on determinations of the General Partner with regard to the allocation of any common fees or expenses as between the Fund and the other investment vehicles, co-investment funds or other Funds.

### **Portfolio Company Remuneration**

Subject to the terms and conditions set forth in the Governing Documents of the Funds, any portfolio company remuneration received by the General Partner, BVP or any partner of the General Partner acting in a full-time capacity for BVP shall first be used to offset any transaction expenses that are not normal operating costs and expenses payable by BVP in connection with the management of BVP, were incurred or advanced by any of such persons or entities in connection with such portfolio company remuneration and have not been reimbursed by a Fund. A Fund's pro rata share (based on the relative amount invested in the applicable portfolio company) of any excess portfolio company remuneration shall then be used to offset the management fee. To the extent that such portfolio company remuneration is attributable to a portfolio company of more than one Fund, a Fund's pro rata share of such excess portfolio company remuneration will be less than 100% and the amount of such excess attributable to other Funds may inure to the benefit of such other Funds or may inure to the benefit of the General Partner or such other Funds or an affiliate thereof in accordance with the organizational agreements of such other Funds.

### **Third-Party Relationships**

Like other asset management firms, as part of the BVP's business, BVP and its personnel have developed many relationships with third parties, some of which could be viewed as significant, close, or personal, which have the potential to raise conflicts of interest. Such third parties include, but are not limited to, investment bankers, consultants, custodians, private equity and venture capital investors, co-investors, current or former investors in the Funds, current and former directors, officers and personnel of current and former portfolio companies, and former directors, officers and personnel of BVP, including those who have or may form funds that engage in investment activities similar to those of the Funds. Certain of such third parties may: introduce investment opportunities to BVP; arrange for, or facilitate financing in, the purchase or recapitalization of potential portfolio companies; introduce portfolio companies to potential acquisition or merger candidates; introduce BVP to potential buyers of portfolio company securities; facilitate the disposition of portfolio company securities; provide investment banking, consulting or advisory services to BVP or portfolio companies; co-invest in portfolio companies; perform investment banking services for issuers of private securities held by BVP personnel or their friends or family members; introduce or recommend private investment opportunities to BVP personnel or their friends or family members; or provide other significant business or investment services to BVP, the General Partner, the Funds, portfolio companies, BVP personnel, and friends or family of BVP personnel. Related parties of the foregoing may receive direct commercial compensation from the Funds or portfolio companies for providing these services. Additionally, BVP expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and

due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors.

Under many of the foregoing arrangements, including where a flat fee is paid, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by such advisors, consultants and service providers. Although BVP generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where we commit or have committed to seek "market" or "arms-length" rates or terms, we will do so in our sole discretion, seeking rates that we have determined in our sole discretion to be reflective of the range of rates in the applicable or related markets. BVP reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, BVP undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, BVP reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not BVP has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Moreover, principals, employees, other personnel or affiliates of BVP may have a financial or ownership interest in, or serve on the board of directors of, certain banks, service providers, stockholder representatives, and/or other financial institutions or entities that provide services to the Funds or otherwise directly or indirectly participate or act in connection with certain transactions of the Funds. Accordingly, such individuals may have additional economic incentives that create a potential conflict of interest with respect to such Fund transactions. Further, as a result of being a large investor and its historic investment relationship with BVP, BSC and its affiliates may have a significant influence in the activities of BVP and/or the Funds, which could lead to, among other things, the Funds providing BSC and/or its affiliates with preferential treatment that they may not otherwise provide to other investors. For example, if BSC and/or its affiliates were to violate an obligation under the Partnership Agreements or other relevant Governing Document, the General Partner may be less incentivized to exercise the remedies available to the Funds against BSC and/or its affiliates than it would be if another investor had committed the same violation (e.g. default) or, if a co-investment opportunity were to arise, the General Partner may be incentivized to offer all or a portion of such co-investment opportunity to BSC and/or its affiliates as opposed to offering such opportunity to one or more limited partners or other third parties. In addition, one of BVP's managing partners, Robert Goodman, is currently a

director, President and Chief Executive Officer of BSC, as well as director of The Bessemer Group, Incorporated, as described in Item 10 above.

### **Competitive Portfolio Companies**

The Funds may invest in one or more companies that are competitors of, or that subsequently becomes a competitor of, another company in which a Fund has invested. Such competitive situations may result in conflicts for the General Partner and BVP in their ongoing interactions with the competitive companies and could, in certain circumstances, result in the General Partner and BVP receiving less information about such companies that they might have received in the absence of such competitive situation. Competitive situations could also result in the General Partner and BVP and their associated persons (who are generally indemnified by the Funds) facing legal claims regarding misuse of a company's confidential information, breach of duties to the portfolio companies or other matters related to the competitive situation. To resolve such conflicts, the General Partner may (a) attempt to institute information barriers or other policies and procedures that would limit the ability for all Investment Professionals to collaborate on the investment and asset management process and/or (b) ask its associated persons to resign from the board of a portfolio company (the extent applicable), which would decrease BVP's ability to actively participate in the affairs of a portfolio company investment to the detriment of the Funds. The General Partner and BVP may be presented with an investment opportunity for the Funds in a company that is a competitor of a portfolio company of another Fund. The General Partner and BVP may decline to pursue an opportunity for the Funds because of the competitive situation even though the opportunity might otherwise be an attractive one for a Fund.

### **Use of Portfolio Company Products and Services.**

Portfolio companies have provided, and may in the future provide products or services to the Fund, the General Partner or its affiliates, certain investors in a Fund or other portfolio companies (including portfolio companies of other Funds). The General Partner and its affiliates may have an incentive to encourage any such portfolio company to favor such persons (or their affiliates) relative to other clients or customers of the portfolio company in terms of pricing or otherwise, which could adversely affect the applicable portfolio company's profitability and the ultimate returns to the Fund with respect to its investment in that portfolio company. In addition, the General Partner and its affiliates may, in certain instances and subject to their respective policies, receive discounts on products and services provided by portfolio companies of the Funds (which could include the Fund) or the customers or suppliers of such portfolio companies. The potential for the General Partner and its affiliates to receive such economic benefits may create conflicts of interest as the General Partner may have incentives to cause the Fund to invest in portfolio investments that provide such benefits, and such discounts could adversely affect such portfolio company's profitability.

### **Material Non-Public Information**

The General Partner, BVP, their affiliates and/or their directors, officers and employees may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit the General Partner's or BVP's flexibility to buy or sell portfolio securities issued by such companies. The Funds' investment flexibility may be constrained as a consequence of the General Partner's or BVP's inability to use such information for investment purposes. Alternatively, each of the General Partner and BVP and their affiliates may decline to receive material non-public information which it is entitled to receive on behalf of the other investment vehicles, in order to avoid investment restrictions for the investment vehicles, even though access to such information might have been advantageous to the investment vehicles and other market participants are in possession of such information.

### **Portfolio Company Expenses**

Portfolio companies engage certain persons to provide services to (or with respect to) such portfolio companies who have non-employee relationships with BVP (including, without limitation, consultants, or operating partners). Such persons generally receive compensation and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but no such remuneration paid to such persons by the portfolio company shall be an offset to the management fee but rather all such remuneration shall be an indirect expense of the Fund to the extent of its ownership position in the portfolio company. For the avoidance of doubt, BVP also will not offset compensation received from outside sources, such as residual employee board seats or entities that are no longer fund portfolio companies.

### **Diverse Limited Partner Group**

The limited partners will have certain conflicting investment, tax and other interests with respect to their investment in the Funds. The conflicting interests of the limited partners arise from, among other things, the nature of investments made by the Fund, the structuring of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner, including with respect to the nature or structuring of investments that is more beneficial for some limited partners than for others, particularly with respect to limited partners' individual tax situations or the allocation of investment and disposition opportunities. In selecting and structuring investments appropriate for the Funds, the General Partner will not consider the investment, tax or other objectives of any limited partner individually, except as required by the Governing Documents of each Fund (including provisions related to avoiding "unrelated business taxable income" or "effectively connected income") or by side letters with limited partners.

### **Selection of Intermediaries, Exchanges, and Counterparties**

BVP is subject to conflicts relating to its selection of intermediaries, exchanges, and counterparties on behalf of a Fund. Portfolio transactions for a Fund will be allocated to intermediaries, exchanges and counterparties on the basis of numerous factors, and will not necessarily always be allocated

to the third party with the lowest pricing. Certain intermediaries, exchanges and counterparties provide other services that are beneficial to BVP, but not necessarily beneficial to the Fund, which may create an incentive for BVP to allocate transactions to those intermediaries, exchanges or counterparties.

In addition, the Funds are permitted to invest in intermediaries, exchanges or other service providers to pooled investment funds or other investors in digital assets, including businesses that focus on storage, security and custody of digital assets. BVP has an incentive to cause a Fund to transact with such intermediaries, exchanges or other service providers, including where similar services are available from other third parties on terms that are more beneficial to the Fund.

### **Side Letter Agreements; Advisory Committee Rights**

BVP enters into certain side letter arrangements with certain investors in a Fund, which provide different or preferential rights or terms, including, but not limited to, different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Except as otherwise agreed with an investor, BVP (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in a Fund.

Each Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee also has the ability to approve conflicts of interests with respect to BVP and the Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to advisory committee. Representatives of the advisory committee may have various business and other relationships with BVP and its partners, personnel and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committees are often also members of the advisory committee of another Fund. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members will be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

### **Other Potential Conflicts**

The Governing Documents of each Fund establish complex arrangements among the Fund, BVP, investors, and other relevant parties. Questions are expected to arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a

directly applicable provision. While BVP will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors. BVP and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in the Fund, and may also represent one or more portfolio companies or investors in the Fund. In the event of a significant dispute or divergence of interest between a Fund and BVP, the parties may engage separate counsel in the sole discretion of BVP, and in litigation and other circumstances separate representation may be required. Additionally, BVP and the Funds and the portfolio companies of the Funds may engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to BVP, the Funds, and/or the portfolio companies. This may result in BVP receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Fund and/or the portfolio company, or BVP receiving a discount on services even though the Fund and/or the portfolio companies receive a lesser, or no, discount.

This creates a conflict of interest between BVP, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that BVP will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

BVP and its personnel have in the past and may in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses result in "miles" or "points" or credit in loyalty/status programs to BVP and/or its personnel, and such rewards and/or amounts will exclusively benefit BVP and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

BVP may and has, in its discretion, cause a Fund and/or its portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former personnel or executives of BVP. The Fund and/or its portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between BVP and the Fund (or its portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that BVP may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.



## Item 12. Brokerage Practices

The Funds invest primarily in early stage and later-stage private companies, BVP anticipates that it will utilize brokers for Fund transactions only in limited circumstances (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, BVP maintains written policies to address issues that might arise with respect to brokerage practices.

### Selection of Brokers and Dealers

For each of the Funds, BVP has, subject to the direction of such Fund's General Partner, if applicable, sole discretion over the purchase, distribution and/or sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for the Fund involving a broker-dealer, BVP will seek "best execution" of the transaction. "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, BVP investment and operations team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, BVP may consider the use of Electronic Communications Networks when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, BVP generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, BVP's investment and operations team, in consultation with the CCO, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of BVP and each Fund.

### Aggregation of Trades

BVP has the ability under each Funds' Governing Documents to aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. BVP often employs this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. BVP may combine orders on behalf of Funds with orders for other Funds for which it has trading authority, or in which it has an economic interest. In such cases, BVP generally aggregates trade orders for publicly traded

securities, so that each participating Fund will receive the average price for each execution of a transaction.

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

### Item 13. Review of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, BVP closely monitors the portfolio companies in which the Funds invest and generally maintains an ongoing oversight position in such companies (including, in many cases, representation on the board of directors of such companies). Reviews occur on at least a quarterly basis and are conducted by certain of BVP's senior personnel. Moreover, BVP has specific personnel designated to monitoring portfolio company performance, which provides a second level of review of each Fund portfolio company on a periodic basis.

BVP provides quarterly unaudited reports and annual audited reports to the investors in the Funds as set forth in the Governing Documents of such Funds. In addition to the information provided to all investors, in connection with diligence requests or for other reasons, BVP has provided and expects to provide certain investors with additional information or more frequent reports that other investors will not receive.

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

BVP reserves the right to engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain prospective investors. Fees payable to a placement agent will be negotiated individually between BVP and the placement agent. Generally, and except as otherwise set forth in the Governing Documents of a Fund, BVP will ultimately bear all fees and out-of-pocket expenses of any placement agent that solicits investors for the Funds.

## Item 15. Custody

Because related persons of BVP serve as General Partners or managing members of the Funds, BVP is deemed to have "custody" (within the meaning of Rule 206(4)-2 under the Advisers Act (the "Custody Rule")) of the underlying funds and securities of the Funds, subject to certain exceptions set forth in the Custody Rule and related guidance. BVP uses unaffiliated, qualified third-party custodians to hold the funds and securities of the Funds and, to the extent required pursuant to the Advisers Act and SEC guidance, certificated securities. Although BVP is deemed to have custody of the underlying funds and securities of the Funds, BVP relies on the "pooled investment vehicles" exemption from the reporting and surprise audit obligations imposed by the Custody Rule. Accordingly, the Funds are generally subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board. The audited financial statements are provided to the underlying investors of these Funds within 120 days of the end of the fiscal year.

## Item 16. Investment Discretion

With respect to the Funds, an affiliate of BVP, typically the General Partner or managing member of the applicable Fund, has discretionary investment authority for each Fund pursuant to the terms of the applicable Governing Documents. The Governing Documents of each Fund provide that the applicable General Partner or managing member has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments. Pursuant to management agreements between BVP, the General Partners or managing members, and the respective Funds, the General Partners or managing members of the Funds have delegated to BVP the discretion to determine, without consent of the Funds or the investors in the Funds, the particular portfolio investments to be bought and sold in accordance with the terms and conditions of the applicable Governing Documents of each Fund. BVP will provide investment advice to the Funds, subject to certain limitations and restrictions on the Funds as to diversification and type of permitted investments as described in the applicable Governing Documents. In addition, as previously described, BVP may enter into side letters with certain limited partners whereby the terms applicable to such limited partner's investment in the Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Funds will typically make investments in companies through one or more special purpose vehicles established for tax, regulatory or other purposes.

## Item 17. Voting Client Securities

The Funds invest primarily in private companies, which typically do not issue proxies. With respect to the Funds, it is BVP's policy to vote proxies and consents in the best interests of the Funds.

If at any time, BVP becomes aware of a material conflict of interest relating to a particular proxy proposal, BVP will handle the proposal by requiring the proposal to be reviewed by the CCO. In determining how to vote the proxy in a manner consistent with the Fund's best interest, the CCO may recommend that BVP take any of the following actions:

- BVP may consult with the client or refer the matter to the fund's advisory board or committee with the proposed manner of voting and obtain the approval or concurrence of such advisory board or committee on the proposed proxy vote; or
- BVP may form a conflict committee to determine how to vote any proxy if BVP or one of its affiliates has a material conflict of interest in voting. Any such vote must be consistent with the best interest of the Funds. In making the proxy voting determination, the conflict committee will take reasonable steps under the circumstances to attempt to insulate the proxy voting determination from the material conflict. The conflict committee will keep a report of any proxies voted under this procedure detailing the nature of the material conflict and the conflict committee's manner of resolving the material conflict in the best interest of the Fund. This report will be made available to investors in the Fund.

BVP will retain all books and records relating to its proxy voting activities on behalf of client accounts in accordance with the requirements of Rule 204-2(c)(2) under the Advisers Act. Copies of relevant proxy logs are available to any client or prospective client upon written request to Bessemer Venture Partners, 1865 Palmer Avenue, Suite 104, Larchmont, NY 10538.



## Item 18. Financial Information

BVP does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure. BVP has not been the subject of any bankruptcy petition.