

**Item 1 - Cover Page**

**Form ADV Part 2A: FIRM BROCHURE**



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This Brochure provides information about the qualifications and business practices of Valor Management LLC (formerly known as Valor Management Corp.). If you have any questions about the contents of this Brochure, please contact us at (312) 683-1900. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Valor Management LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Registration of an investment adviser does not imply any level of skill or training.

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

## **Item 2 - Material Changes**

Valor Management LLC filed its most recent Brochure on March 31, 2023, and there have been no material changes since the last submission. This annual amendment generally updates the description of certain risk factors, business practices and advisory services of Valor Management LLC and its affiliates, as well as incorporates specific updates to Items 4, 5, 8, 9, and 14 related to new investment fund clients.

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#### **Item 4 - Advisory Business**

Founded in 2001, Valor Management LLC (formerly known as Valor Management Corp.), doing business as Valor Equity Partners, is a private equity firm focused on equity and equity-related, control and non-control investments in companies across various stages of development. Valor Equity Partners is an investment management company registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. Valor Equity Partners and its other affiliated advisory entities, including Valor Equity Advisors, L.P. (“Fund IV Advisor”), and the General Partners (defined below) (collectively, “Valor”), operate as a single advisory business and this Brochure describes the practices of all Valor entities. Valor is based in Chicago and has additional offices in Miami, New York, and Seattle.

Valor currently manages the following private equity growth funds: Valor Equity Partners III, L.P. (“Valor III”) and Valor Equity Partners III-A, L.P. (“Valor III- A” and together with Valor III, “Fund III”); Valor Equity Partners IV L.P. (“Valor IV”), Valor Equity Partners IV-A L.P. (“Valor IV-A”), and Valor Equity Partners IV-B L.P. (“Valor IV-B” and together with Valor IV and Valor IV-A, “Fund IV”); Valor Equity Partners V L.P. (“Valor V”), Valor Equity Partners V-A L.P. (“Valor V-A”) L.P., Valor Equity Partners V-B L.P. (“Valor V-B”), Valor Equity Partners V Feeder L.P. (“Valor V Feeder” and together with Valor V, Valor V-A and Valor V-B, “Fund V”); and Valor Equity Partners VI L.P. (“Valor VI”), Valor Equity Partners VI-A L.P. (“Valor VI-A”), and Valor Equity Partners VI-B L.P. (“Valor VI-B”), Valor Equity Partners VI Feeder L.P. (“Valor VI Feeder” and together with Valor VI, Valor VI-A, and Valor VI-B, “Fund VI”) (Fund III, Fund IV, Fund V, and Fund VI collectively referred to as the “Growth Funds”). The Growth Funds primarily focus on investing in companies Valor believes meet its operational growth investment strategy.

Valor also manages Valor Siren Ventures I L.P. (“VSV I”), Valor Siren Ventures I-A L.P. (“VSV I-A”), and Valor Siren Ventures I-B L.P. (“VSV I-B” and together with VSV I and VSV I-A, “VSV I”), and Valor Siren Ventures II L.P. (“VSV II”), Valor Siren Ventures II-A L.P. (“VSV II- A”), and Valor Siren Ventures II-B L.P. (“VSV II-B” and together with VSV II and VSV II-A, “VSV II”) (VSV I and VSV II collectively referred to as the “VSV Funds”). The VSV Funds primarily seek to invest in startup, early-stage, and emerging companies that focus on the food, food technology, retail, retail technology, and sustainability sectors within the broader food and retail markets.

Valor also manages Valor Equity Partners Opportunity Fund I L.P. (“VOF I”), Valor Equity Partners Opportunity Fund I-A L.P. (“VOF I-A”), and Valor Equity Partners Opportunity Fund I- B L.P. (“VOF I-B” and together with VOF I and VOF I-A, the “Opportunity Fund”). The Opportunity Fund is primarily focused on investing in new or existing growth stage companies of the Growth Funds, as well as in growth stage investment opportunities that arise in other Funds (as defined herein). While Valor expects the Opportunity Fund will predominantly invest in existing and future growth stage portfolio companies of the other Funds, the Opportunity Fund is also permitted to pursue investment opportunities in non-Valor portfolio companies.

The Opportunity Fund, the VSV Funds, and the Growth Funds are collectively referred to herein as the Main Funds. See Item 8 for further information regarding their investment strategies.

In addition, Valor manages Valor R&D Seed, LLC and Valor R&D Series LLC (together “Valor VC”), investment vehicles primarily for Valor, its employees, its strategic advisors, and their respective families, as well as certain other investors. Valor VC primarily invests in early-stage, smaller capitalized investments (referred to herein as “VC Investments”). While the VSV Funds and

the Growth Funds can invest in VC Investments, subject to any applicable limitations in their Governing Documents (defined below), the investments made by Valor VC are VC Investments that Valor has determined do not meet the presentment requirements of the Main Funds or are not suitable investments for the Main Funds (although the Main Funds are permitted to, and from time to time expect to, participate in subsequent opportunities to invest in certain Valor VC portfolio companies (*e.g.*, if they mature into Growth Fund opportunities) as authorized under the Governing Documents).

In addition, as further described in Item 7 and Item 11, from time to time, Valor provides certain existing investors or third parties the opportunity to participate in portfolio company investments through single purpose or co-investment vehicles managed by Valor (each, a “Co-Investment Fund,” and collectively, the “Co-Investment Funds”). Unless otherwise noted, references throughout this Brochure to “Funds” are generally intended to include the Main Funds, Valor VC, and the Co-Investment Funds. Valor has the right to manage additional funds in the future and expects any future funds will have terms similar to the Funds.

Each Fund’s general partner (or manager or managing member) (each, a “General Partner,” and collectively, together with any future affiliated general partner entities, the “General Partners”), in accordance with SEC guidance, is deemed registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to Valor Equity Partners’ registration. Fund IV is also advised by Fund IV Advisor. See Item 10 for further information about these entities. Each General Partner has the authority to make investment decisions on behalf of each respective Fund. Valor, and in the case of Fund IV, Fund IV Advisor, which is a relying adviser, provide certain day-to-day management services to the Funds.

Valor’s investment advisory services to the Funds typically consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments, although Valor’s investment advisory services to the Co-Investment Funds are provided with respect to only one portfolio company investment that was known to participating investors at the time they invested. Likewise, Valor provides investment advisory services to Valor VC on an investment-by-investment basis since it does not have a portfolio construction mandate like the Main Funds. The Funds invest predominantly through negotiated transactions in private companies, although other types of investments (including, without limitation public companies) are permitted in certain instances. Valor personnel generally serve on portfolio companies’ respective boards of directors or otherwise act to influence management of such companies, except in the case of companies in Valor VC’s portfolio.

Valor provides advisory services to each Fund in accordance with, as applicable, the Fund’s private placement memorandum, investment management or advisory agreement, limited partnership (or similar) agreement, and side letters or similar agreements (“Side Letters”) with certain investors in the Fund and any other governing documents (collectively, the “Governing Documents”). Valor provides and tailors its investment advice to each Fund based on its investment objectives, as described in its private placement memorandum or other Governing Documents, not based on the individual needs of Fund investors. Fund investors participate in the applicable Fund’s overall investment program and generally cannot impose restrictions on Valor’s investment advisory services or authority, although, in certain circumstances they are excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Governing Documents, or they may have entered into a Side Letter that has the effect of establishing rights under, or supplementing or altering the terms in, a Fund’s partnership agreement or an investor’s subscription agreement, including rights and alterations related to economic terms,

fee structures, excuse rights, information rights, co-investment rights, or transfer rights. For the avoidance of doubt, such arrangements do not and will not create an adviser-client relationship between Valor and any investor. Valor's advisory services are further described in the applicable Governing Documents and generally in Item 8 below.

As of December 31, 2023, Valor had regulatory assets under management of \$16,483,237,796 on a discretionary basis and \$504,585,716 on a non-discretionary basis.

Antonio J. Gracias is the ultimate majority owner and control person of Valor Management LLC (doing business as Valor Equity Partners). Specifically, Valor Management LLC has two members: Valor Management L.P. and Valor Funds Group LLC, which is the managing member of Valor Management LLC and the general partner of Valor Management L.P. Mr. Gracias is the managing member of Valor Funds Group LLC. In addition, through his direct holdings and as the sole shareholder of Valor Holdings Corp., Mr. Gracias owns the majority of both Valor Management L.P. and Valor Funds Group LLC.

## **Item 5 - Fees and Compensation**

Typically, Valor receives a management fee and its affiliated General Partners are allocated carried interest (as more fully described in Item 6 below) as compensation for providing investment advisory services to the Funds. Valor's management fees, carried interest allocations, and terms related to other compensation payable to Valor and its affiliates are determined by Valor at the time of the establishment of the relevant vehicle and negotiated with participating investors prior to the time they invest. Below is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. Valor encourages existing and prospective Fund investors to review the applicable Fund's Governing Documents for further details regarding fees, compensation, and expenses.

### **Management Fee**

The amount, timing, and method of calculation of a Fund's management fee is specified in the Fund's Governing Documents. Valor charges each Main Fund a management fee, generally 2% per annum, although the Opportunity Fund does not charge a management fee to existing Valor investors (as defined in its Governing Documents), only to new Valor investors. Certain Co-Investment Funds charge management fees, certain Co-Investment Funds offer investors a choice of terms that include management fee and no management fee options (the General Partner is entitled to a higher carried interest percentage under the no management fee options), and certain Co-Investment Funds do not charge a management fee, although Valor reserves the right to charge management fees with respect to any future Co-Investment Fund. Investors in Valor VC are not charged a management fee. Generally, management fees are calculated initially based upon each investor's capital commitment for a stated period of time, which is typically the period of time during which each Fund is actively making investments, and thereafter (or upon the occurrence of certain specified events under the Governing Documents (such date, the "Stepdown Date")) any management fees payable are based upon each investor's invested capital, subject to various other factors as further described in the Fund's Governing Documents. However, the Opportunity Fund's management fee is calculated based on an investor's invested capital. Each General Partner has the authority, in its sole discretion, to waive all or a portion of the management fee for certain investors. Fees related to investing in a Fund are

generally waived for Valor employees and affiliates, strategic advisors, certain portfolio company executives, and family members and estate planning entities of the foregoing.

As is generally the case in private equity funds, the Governing Documents provide that a Fund's management fees 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 Governing Documents, from the effective date of the relevant Fund until the Stepdown Date, management fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate capital commitments. Further, after the Stepdown Date, management fees generally will be charged and calculated based on a formula tied to the amount of investment contributions and bridge financing contributions made by the relevant Fund that have not been disposed of or permanently written down in accordance with the Governing Documents.

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions and bridge financing contributions relating to such investment, post-Stepdown Date management fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. However, where there has been a partial distribution, partial writedown or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions and bridge financing contributions relating to such investment, the Governing Documents do not require management fees after the Stepdown Date to be reduced. Following the Stepdown Date, the amount of management fees otherwise payable will be reduced based on the ratio of the fair value of each relevant remaining investment as compared against the amount of total investment contributions relating to such investment(s).

As a result, the amount of management fees generally will not correspond with fluctuations in a Fund's net asset value, including following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of investments permanently written down in accordance with the Governing Documents. Except where the Governing Documents expressly provide to the contrary, management fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

In many circumstances, the fair value component of such post-Stepdown Date management fees will include capitalized transaction-specific expenses of unrealized investments. Further, management fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

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

The Funds invest on a long-term basis, and investors generally cannot withdraw capital from the Funds. Accordingly, management fees are expected to be paid, except as otherwise described in the Governing Documents or agreed to with investors in the relevant Fund, throughout a Fund's life, including term extensions. The Funds pay Valor non-refundable management fees quarterly in advance, and Valor expects to call capital, use Fund borrowings, deduct from Fund investment proceeds, or take any other action permitted under the Governing Documents to satisfy amounts

owed. Installments of the management fee payable for any period other than a full calendar quarter are adjusted on a *pro rata* basis according to the actual number of days in such period.

Certain Governing Documents permit the applicable General Partner or Fund IV Advisor to waive or reduce the management fee to which it is entitled in favor of Fund investors making a capital contribution to the Fund on behalf of the applicable General Partner or Fund IV Advisor. The amounts are effectively invested in the relevant Fund on behalf of, and operate to reduce the amount of, capital required to be contributed to such Fund by, the applicable General Partner or Fund IV Advisor. For fee-bearing investors, capital contributions for management fees reduce such investor's unfunded commitment to a Fund. Waived or reduced management fees are not subject to the management fee offsets described below. Due to waived or reduced management fees by the relevant General Partner or Fund IV Advisor and/or timing of receipt of compensation subject to offsets (as described below), it is possible that management fee offsets will be delayed.

### **Management Fee Offsets**

As further described below and in the applicable Fund Governing Documents, from time to time, Valor and its personnel expect to receive certain directors', break up, transaction, or monitoring fees, in the form of cash or equity, and management fees for the Main Funds are generally offset (although not below zero) by the receipt of such fees. Generally 100% of the Main Funds' *pro rata* share of fees received offset the management fees otherwise payable, in each case as set forth in the applicable Fund's Governing Documents. In the case of the Opportunity Fund, 100% of its *pro rata* share of such fees received offset Fund expenses instead of management fees (since it is expected that most investors will not pay management fees), as further described in its Governing Documents. (Other references herein with respect to management fee offsets for such fees shall be understood to be conformed in the case of the Opportunity Fund to mean offsets against Fund expenses to the extent applicable, but Opportunity Fund investors should review its Governing Documents for further information).

In the event more than one Fund, including a Co-Investment Fund, is invested in a company paying such fees to Valor, then Valor expects to allocate the fees it receives across the participating Funds on a *pro rata* basis absent some other reason to allocate the amounts differently. Therefore, the receipt of such fees will reduce the management fee payable by any Fund(s) (or Fund expenses in the case of the Opportunity Fund) invested in such investment only with respect to a Fund's allocable portion on a fully diluted basis of any such fee and not the portion of any such fee related to General Partner or "affiliated partner" commitments or that relates to any other Fund or person, which has the potential to be significant. The Governing Documents typically provide that to the extent that an offset credit would reduce the management fee for a given quarterly period below zero, the credit will be carried forward for future application against payable management fees, and if any excess credit remains unapplied at the Fund's final distribution of assets, each limited partner will receive its *pro rata* share of such excess unless it has previously elected to waive such amount (e.g., where an adverse tax consequence potentially will result to the limited partner). As further described in this Item 5 and elsewhere herein and in the applicable Fund Governing Documents, fees and expenses paid or reimbursed by a portfolio company or a Fund in connection with Scale Group Services (as defined below) and certain other services provided by Valor persons, such as compensation paid to a Valor person for serving as an employee of the portfolio company, are generally not subject to offset. Valor VC and the Co-Investment Funds do not receive the benefit of a management fee offset or otherwise share in such fee income. Offsets are applied after taking into account certain expenses and, where applicable, any management fee waiver. For the avoidance of doubt, Valor also will not offset



compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

## **Offering and Organizational Expenses**

Each Fund is responsible for the payment of organizational and start-up expenses in amounts set forth in its respective Governing Documents.

## **Fund Expenses**

In addition to the management fee and carried interest allocation and the expenses described above under Offering and Organizational Expenses, the Funds bear certain expenses related to the Funds' (and their subsidiaries and intermediate entities') ongoing operations. As set forth more fully in, and subject to, their respective Governing Documents, each Fund will pay, or reimburse Valor (or an affiliate thereof) for, all costs, expenses, liabilities, fees and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company or potential portfolio company or applied to reduce management fees), including all fees, costs, expenses, liabilities and obligations (collectively referred to in this paragraph as "costs") relating or attributable to: (i) activities with respect to identifying, pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing, bidding on, acquiring, holding, owning, managing, monitoring, operating, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith and the Fund's *pro rata* share of the costs of providing or making available the capacity to provide services with respect to the research, collection, storage, processing and analysis of data utilized in connection with the acquisition, disposition, operation, diligence or monitoring of any actual and potential investment (including the costs of associated Valor employees and related software development), costs of any research, data, subscriptions to any periodicals, databases and/or research and/or data services, and any costs related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of or guarantees made by a Fund, its General Partner or any other "affiliated partners" on behalf of such Fund (including, without limitation, any margin loan, credit facility, letter of credit or similar credit support or any indebtedness entered into pending participation by a co-investor in an investment, including the repayment of principal and interest with respect thereto, or evaluating, negotiating or seeking to put in place any such indebtedness or guarantee); (iii) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker, finder and similar services; (iv) brokerage, sale, custodial, depository, local representative and/or paying agent, trustee, record keeping, account and similar services; (v) financing, commitment, origination and similar activities; (vi) research and related activities (including research with respect to sourcing or evaluating prospective investments) including related costs of associated Valor employees and software development; (vii) legal (which includes expenses incurred in connection with complying with provisions in Side Letters or similar agreements and "most favored nations" provisions thereof and in the applicable Governing Document and winding up and liquidating a Fund), accounting, research, administration (including costs associated with any third-party administrator, costs (including, for the

avoidance of doubt, the costs of associated Valor persons) related to the provision of tax reporting, finance, administration and/or similar services by Valor person to a Fund and/or any alternative investment vehicle that would have been Fund expenses if provided to the Fund by an independent third-party, and costs associated with administration, tracking or reporting software, if any), third-party valuations, appraisals or pricing services, auditing, tax and other professional services; (viii) reverse breakup, termination and other similar arrangements (collectively, “Broken Deal Expenses”), including Broken Deal Expenses to the extent not borne by any Co-Investment Funds; (ix) insurance (including, without limitation, directors and officers liability, errors and omissions liability, fidelity bond, management liability, cybersecurity, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses relating to any retention or deductibles and broker fees, costs and commission) and any consultants or other advisors utilized in connection with the foregoing; (x) filing, title, transfer, survey, registration and other similar activities; (xi) printing, communications, mailing, courier; (xii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Forms D, and any other administrative, regulatory or other Fund-related reporting or filing), including fees, the costs of any third-party service providers and professionals related to the foregoing; (xiii) reporting, filings, or other ongoing compliance requirements contemplated by the European Union Alternative Investment Fund Managers Directive, including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (xiv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including the costs of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing (including licensing fees paid to Valor with respect to any software or other intellectual property developed internally or otherwise received by Valor), implementing, maintaining, or upgrading any web portal, investor portal, extranet tools, computer software (including accounting, investor reporting, financial management, ledger systems, and cybersecurity) or other administrative or reporting tools (including subscription-based services); (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data (including costs incurred in connection with FOIA); (xvii) indemnification (including legal and any other costs incurred in connection with indemnifying any Partner or other person pursuant to the applicable Governing Documents and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the applicable Governing Documents), except as otherwise set forth in the applicable Governing Documents; (xviii) any actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xix) any governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except for costs of any U.S. Securities and Exchange Commission inquiry, investigation or proceeding of a General Partner or Valor as a registered investment adviser and except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the applicable Governing Documents; (xx) except as otherwise determined by a General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, any expenses incurred in connection with the formation,

management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs related to any structuring or restructuring of any Fund entity (to the extent not allocated to a parallel vehicle); (xxi) to the extent provided in the applicable Governing Documents, out-of-pocket costs and expenses of a Fund's advisory board (an "Advisory Board") and a Fund's *pro rata* share of the reasonable out-of-pocket costs of the strategic advisory members, in each case, incurred in their capacities as such; (xxii) the organization or maintenance of any holding vehicle or intermediate entity (such as a Luxembourg entity) used to acquire, hold or dispose of any one or more investment(s) or otherwise facilitating a Fund's investment activities, including, without limitation, any travel and accommodation expenses related to such entity, the salary and benefits of any personnel (including personnel of Valor or its affiliates) reasonably necessary and/or advisable for the maintenance and operation of such entity and other overhead expenses in connection therewith; (xxiii) the termination, liquidation, winding up or dissolution of a Fund and any legal entities owned directly or indirectly by a Fund, including portfolio companies and related entities; (xxiv) defaults by partners in the payment of any capital contributions; (xxv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, any parallel vehicle, a General Partner, Valor, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or a parallel vehicle, including the preparation, distribution and implementation thereof (in each case, to the extent not allocated to the parallel vehicle); (xxvi) (A) compliance with the applicable Governing Documents and any Side Letter or similar agreements and "most favored nations" provisions thereof and compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy (including EU Data Protection Law and any similar regulations), data protection, know-your-customer, anti-money laundering, sanctions, or anti-terrorism considerations), including any legal, administrator, consulting, or other third-party service provider costs related thereto, any regulatory expenses of the General Partner incurred in connection with the operation of a Fund and any costs and expenses related to compliance with any environmental, social, or governance investment considerations and policies of a General Partner and/or a Fund and/or (B) the validation of any payments made to a Fund or a General Partner in connection with any voluntary or compulsory review (including as a result of any anti-money laundering laws, rules or regulations); (xxvii) unreimbursed costs incurred in connection with any transfer or proposed transfer contemplated by an investor or any investor's name change, internal restructuring, or change in registered agent or custodian; (xxviii) all out-of-pocket costs incurred, including by any Valor employee, in connection with any conference, meeting, or webcast of the investors and any other meeting with any investors (including, without limitation, travel, set-up, lodging, dining, entertainment, and related expenses); (xxix) attendance at any meetings or conferences related to any portfolio company or prospective portfolio company (including any travel related thereto); (xxx) a Fund's *pro rata* share of the costs of providing or making available the capacity to provide Scale Group Services to the extent not reimbursed (without generating any reduction in management fees) by an existing or prospective portfolio company or subsidiary thereof, which share of such costs, in the case of amounts paid to Valor persons by a Fund shall be subject to certain limitations described in the applicable Governing Documents; (xxxi) any taxes, fees, and other governmental charges levied against a Fund and all costs incurred in connection with any tax audit, inquiry, investigation settlement, or review of a Fund (except to the extent that a Fund is reimbursed therefor by an investor) and any costs of or related to the "partnership representative" or "designated individuals" of a Fund; (xxxii) any travel, lodging, meals, or entertainment relating to any of the foregoing, subject to limitations in the applicable Governing Documents; (xxxiii) any of the items listed above relating to any investment, restructuring, taking public or private, disposition, or other opportunity not consummated or otherwise not successful and/or that may have been offered

to co-investors (including such persons' proportionate share of any expenses related to any investment or other opportunity not consummated); (xxxiv) placement fees; (xxxv) any extraordinary expenses; (xxxvi) any excess organizational expenses (although they generally offset a Fund's management fees (if there is one) as noted in applicable Fund Governing Documents); and (xxxvii) any other costs approved by the Advisory Board.

As a general matter, Broken Deal Expenses are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant.

The foregoing expenses may be borne directly by a Fund. In addition, in certain cases, these or similar expenses are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. The Funds may also bear expenses indirectly to the extent a portfolio company (or intermediate entity) reimburses or pays expenses, including expenses of Valor and/or its affiliates (see "Portfolio Company Remuneration", below). Such expenses generally include travel to and from portfolio companies. For more information about expenses incurred for brokerage costs, please see Item 12 below. There will likely be circumstances where any such amounts which were expected or intended to be paid, reimbursed or borne by portfolio companies are not—in which case a Fund (and not Valor) will instead bear such expenses.

From time to time, a General Partner will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or a General Partner, Valor and/or other Funds, on the other. Certain expenses will be suitable for, and borne by, only the Funds, a particular parallel vehicle (as opposed to all of the entities in a Fund family), or one or more, but not all, participating Funds. For example, to the extent a Fund structures an investment using a blocker corporation or another intermediate entity to avoid causing its limited partners to incur certain types of income, the costs, expenses, and reductions in proceeds attributable to, and all taxes imposed on, such blocker corporation or other intermediate entity, are typically expected to be borne by the partners investing through such blocker corporation or intermediate entity. Or, as is more often the case, expenses may be allocated *pro rata* among each Fund (or related vehicle) in a Fund family and/or each Fund participating in an investment even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. In general, Co-Investment Funds and co-investors do not bear Broken Deal Expenses (and, conversely, do not share in any breakup fees paid or received in connection with an unconsummated transaction). Valor will make such judgments in its good faith discretion in accordance with applicable Fund Governing Documents and Valor's policies and procedures, notwithstanding its interest in the outcome, and may make corrective allocations after the fact should it determine that such corrections are necessary or advisable.

## **Scale Group Services**

Valor provides operational consulting services, such as project management, interim management, technical consulting, consolidation, operational improvement, human capital management, value creation technology, research, data, or similar support services that a General Partner reasonably

believes are necessary or advisable (the “Scale Group Services”), to certain portfolio companies in the Funds it manages.

As Scale Group Services are provided, with consent of the portfolio company’s management team, Valor generally invoices the portfolio company for Scale Group Services at an agreed upon rate plus a per diem allowance for travel, lodging, and daily expenses per an engagement letter with each portfolio company. The daily rate is determined by Valor and is intended to be comparable to, or less than, what an external third party consultant would charge for similar operational consulting services. Valor’s determination of third party comparable fees is based on its subjective understanding obtained through its own hiring of third party consultants and other market information, and is not based on any comprehensive or formal evaluation that is updated on a regular basis. Accordingly, although Valor seeks to utilize Scale Group Services in a manner that it believes provides a level of service generally consistent with other relevant market alternatives, Valor undertakes no minimum amount of benchmarking, does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate, and provides no assurances that amounts charged will match then-current market rates or that other service providers could not provide similar services at a lesser cost. Where such rates or terms include hourly components, Valor 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. Each month, Scale Group personnel generally create time sheets, which are reviewed by Valor’s Finance department and appropriate partner working with the portfolio company, before being approved for billing. For the avoidance of doubt, Scale Group Services fees and expenses charged to portfolio companies will not reduce or offset any management fees (or Fund expenses in the case of the Opportunity Fund). In addition, as set forth in the applicable Governing Documents, Valor can recover certain Scale Group Services costs from the Main Funds, subject to certain dollar limitations. Each of the Main Funds effectively will bear, directly or indirectly, its share, as determined by Valor, of Valor’s costs and expenses associated with the provision of Scale Group Services.

In the event that collections for Scale Group Services are greater than the cost of the Scale Group to Valor, any profit is rebated back to the appropriate Fund, as described in the applicable Fund Governing Documents. To date, Valor has never realized any profit on providing Scale Group Services to portfolio companies (when determined by netting out the internal Valor costs for salary and other items of overhead for the personnel who provide Scale Group Services).

Investors should refer to the “Operational Value-Add” discussion and the “Scale Group Services; Insourced Data, Research and Administrative Services” risk factor in Item 8 as well as the applicable Funds’ Governing Documents for further information.

### **Third Party Professionals**

In addition to the Scale Group Services, Valor and its affiliates also engage and retain advisers, consultants, and other similar professionals who are not employees or affiliates of Valor (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) and who, from time to time, receive compensation from, or allocations with respect to, portfolio companies and/or other entities, including, but not limited to, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, incentive equity and stock awards, remuneration from Valor and/or its Funds or affiliates, a profits or equity interest in one or more Funds or their affiliates, either directly or through a Co-Investment Fund, or may otherwise acquire or be granted equity in portfolio companies. In addition, from time to time, Valor expects that

one or more executives from current or former portfolio companies also will be utilized to provide strategic advice, operational expertise, or other similar services (whether formally engaged or otherwise). Such individuals also may be offered the opportunity to invest in a Fund, including to co-invest either directly or through a Co-Investment Fund or an affiliated entity. In connection with any such co-investment(s) by advisers, consultants, portfolio company executives and other similar professionals, Valor reserves the right in its sole discretion to structure any such co-investment contribution as a loan from Valor to such individual, with such terms as are agreed between Valor and the individual. Any interest received by Valor in connection therewith will not offset or otherwise reduce any management fees (or Fund expenses in the case of the Opportunity Fund). The use of the Scale Group and such other individuals is expected to fluctuate and/or expand over time. These professionals may also incur expenses while working with Valor portfolio companies (such as travel expenses), and such expenses typically are paid or reimbursed either by the relevant portfolio company or the relevant Fund. In such circumstances,

these amounts paid to or received by non-Valor persons will not be deemed paid to or received by Valor and its affiliates, and if such amounts are paid to or received by Valor and its affiliates, they will not be subject to offset provisions described above. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and the relevant Fund therefore will bear costs, directly or indirectly, of such consultant and/or advisor compensation, as well as, in certain cases, fees, costs and expenses of structuring consultant and/or advisor arrangements. To the extent that any such individuals are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of such persons' services at a time when fewer portfolio companies or Funds make use of such persons. Under many of these arrangements, 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 persons.

It is expected, from time to time, the advisers, consultants, executives-in-residence ("EIRs"), portfolio company executives, and other similar professionals will include former employees of Valor (or another portfolio company) and/or certain of such persons will become Valor employees (or employees of other portfolio companies). Consequently, the classification of a particular individual is permitted to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Valor otherwise would be required to bear.

### **Portfolio Company Remuneration**

Valor is permitted to receive director's fees, consulting fees, commitment fees, monitoring fees, break-up fees and success fees or other remuneration (including options, warrants or other equity securities), from existing or prospective portfolio companies. The amount of these other fees and remuneration are determined on a transaction by transaction basis by Valor and the counterparty, subject to the terms set forth in each Fund's Governing Documents. Monitoring fees are determined based on the complexity of the transaction and the associated portfolio company and are generally payable quarterly in advance. The Funds, as investors in the portfolio companies paying such fees, bear the costs of these fees indirectly, but as further described in this Item 5, the *pro rata* portion of such fees attributable to the Main Funds offset in whole or in part the management fee of each Main Fund (or Fund expenses in the case of the Opportunity Fund), as set forth in the applicable Governing Documents. However, any reimbursement received by Valor from a portfolio company for out-of-pocket expenses, as payment for services provided to a portfolio company in the ordinary course, as

compensation to a Valor person for serving as an employee of a portfolio company, or as compensation for Scale Group Services will not be offset against the management fee payable by the Funds (or Fund expenses in the case of the Opportunity Fund). Each Fund's reimbursement mechanism differs as per such Fund's Governing Documents. Valor does not accelerate monitoring fees.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Valor reserves the right to accrue, defer or forego payments of any such fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of management fee offsets (or, in the case of the Opportunity Fund, Fund expense offsets) with respect to such amounts until they are actually received.

### **Other Expenses**

Certain Valor personnel may be seconded to one or more portfolio companies and provide finance and other services to such portfolio companies; the compensation for such personnel during the secondment will be borne by the relevant portfolio company. To the extent Valor receives any fees or expense reimbursement from the portfolio companies with respect to such personnel, they will not result in any offset to the management fee payable by the relevant Fund (or Fund expenses in the case of the Opportunity Fund).

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

The General Partners of the Main Funds and certain Co-Investment Funds are entitled to a performance-based fee, known as a carried interest distribution. Carried interest distributions are subject to clawbacks to the extent that a General Partner is paid in excess of its entitled distribution. This distribution structure is described in detail in each Fund's Governing Documents. Each Main Fund General Partner generally receives a 20% carried interest allocation subject to an annually compounded preferred return hurdle and subject to a full return of capital, including capital contributed for all relevant Main Fund partnership expenses, including any management fees. With respect to Co-Investment Funds, the carried interest to which a Co-Investment Fund General Partner is entitled varies (including by investor with respect to Co-Investment Funds that offer investors management fee and carried interest options), but generally is no more than 20% and is subject to a full return of capital, including capital contributed for specified partnership expenses, including any management fees payable to Valor, and to an annually compounded preferred return hurdle or a multiple of capital return hurdle. There are, however, some Co-Investment Funds that do not charge carried interest. These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Main Fund reserves the right, in its sole discretion, to waive or reduce the amount of carried interest for an investor in a Fund. Specifically, Fund investors who are Valor principals, employees, and affiliates, strategic advisors, certain portfolio company executives, and family members and estate planning vehicles of the foregoing generally pay reduced carried interest or none at all. Similarly, investors in Valor VC do not pay carried interest.

The fact that each General Partner's carried interest distributions are based on the performance of the respective Fund creates an incentive for a General Partner to make investments that are more

speculative than would be the case in the absence of such distributions. For example, the Governing Documents typically require a General Partner to return excess amounts of carried interest as “clawbacks”. These clawback obligations create an incentive for a General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner. In addition, the manner in which a General Partner’s entitlement to carried interest is determined is expected to subject the General Partners, from time to time, to potential conflicts between its interests and the interests of Fund investors with respect to the sequence and timing of disposals of investments. However, Valor believes this incentive is mitigated by the fact that any losses will reduce such Fund’s performance and thus a General Partner’s carried interest distributions.

Valor manages multiple Funds with similar investment strategies on a side-by side basis, including Funds that could potentially generate more carried interest for Valor or certain employees than other Funds. As a result of the foregoing, Valor and its personnel are subject to potential conflicts of interest in: (i) allocating time and activity among the multiple Funds; (ii) allocating investments among the multiple Funds; and (iii) effecting transactions among the multiple Funds, including ones in which Valor, the General Partners, or employees may have a greater financial interest. These conflicts of interest may create an incentive for Valor or its personnel to favor a Fund in which Valor, a General Partner, or one or more employees have a greater financial interest (*e.g.*, a higher carried interest allocation or increased potential of earning carried interest) with respect to allocation of time and activity, limited investment opportunities, or investments that Valor regards as more attractive or better performing. As such, Valor has implemented policies and procedures designed to address investment allocations, and, in addition, the Funds’ Governing Documents address allocations of investment opportunities. For a further description of allocation factors relevant to co-investment opportunities, please see Item 7.

## **Item 7 - Types of Clients**

Valor provides portfolio management services to its private fund clients, including: the Growth Funds, the VSV Funds, the Opportunity Fund, the Co-Investment Funds, and Valor VC.

Investors in the Funds must meet certain suitability and other qualifications prior to making an investment in the Funds. In particular, the Funds limit their respective investors to persons who are “accredited investors” as defined in the Securities Act of 1933, as amended, and, depending on whether the investor is expected to pay performance fees and/or the exemption from registration as an investment company Investment Company Act of 1940, as amended (the “Investment Company Act”), being relied upon, “qualified clients” as defined in the Advisers Act and/or “qualified purchasers” or “knowledgeable persons” as defined in the Investment Company Act. Fund investors include a broad range of U.S. and non-U.S. investors, including, among others, high net worth individuals, corporate pension plans, charitable institutions, foundations, endowments, public pension plans, sovereign wealth funds, trust programs and other U.S. and non-U.S. institutions, as well as executives of portfolio companies. In addition, employees and other persons associated with Valor and/or its affiliates are typically investors in the Funds.

The Main Funds’ stated minimum capital commitment for investors is \$5 million, but commitments of less than \$5 million have been, and can be, accepted at the discretion of the applicable Fund’s General Partner. There was no minimum contribution for investors in any other Fund.



Co-investment opportunities may arise whenever Valor has the opportunity for an investment in an existing or prospective portfolio company and Valor determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Valor selects the investors that are permitted to co-invest in a particular portfolio company in its sole discretion based on various factors, including any relevant provisions of the applicable Funds' Governing Documents and such other factors as Valor considers in its sole discretion, including those that may be specified from time to time in its policies and procedures on investment allocation and co-investments as further described in the discussion of co-investment opportunities under the Conflicts of Interest section of Item 8. Opportunities to invest in a portfolio company are permitted to be made available to any person or entity, including, without limitation, strategic investors, lenders, deal sources, other private equity or venture capital firms, Fund investors, other persons or entities affiliated, associated or otherwise known to Valor or its personnel and unrelated third parties. The terms of co-investment arrangements vary. For example, some involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund that is also invested in the company. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund or Co-Investment Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Where appropriate, and in Valor's sole discretion, Valor reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

While one or more investors in the Funds may be invited to co-invest in the Fund's portfolio companies, Valor is permitted, in its sole discretion, to offer all or a portion of any co-investment opportunity to investors that are not investors in one or more of the Funds. Valor also reserves the right, in its sole discretion, to offer co-investment opportunities to some investors in its Funds while not offering them to other investors in its Funds, and to cause some Fund investors and/or other co-investors to bear a management fee and/or carried interest while not imposing a management fee and/or carried interest (or imposing a different management fee or carried interest) on other Fund investors and/or other co-investors. In Valor's sole discretion, some Co-Investment Funds and/or co-investors may bear all or a portion of certain expenses (e.g., legal and other expenses associated with a portfolio company investment), while other Co-Investment Funds and/or co-investors do not share in such expenses. In certain cases, co-investment opportunities may include opportunities to invest in Fund portfolio companies at a time when there is not a corresponding Fund investment or on different terms than any Fund investment.

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

While Valor believes the investment processes, investment strategies, and risks described in Item 8 are generally applicable to all of the Funds, the discussion below primarily relates to the Main Funds, and there are differences in the investment processes and investment strategies deployed on behalf of, and risks associated with, the Growth Funds, the VSV Funds, the Opportunity Fund, Valor VC, and the Co-Investment Funds. While certain material differences have been described below, investors should review a Fund's Governing Documents for specific investment strategy and risk information. In particular, Co-Investment Funds are formed to invest in a single portfolio company that was known to participating investors at the time they invested and the Co-Investment Funds' performance will depend solely on the performance of that company, and Valor VC focuses on making

VC Investments, does not have a particular portfolio construction mandate, and its investments do not involve a level of diligence or time investment by Valor employees comparable to that accorded to the other Funds and their portfolio companies.

The Growth Funds focus principally on equity and equity-related, control and non-control investments in companies that Valor believes fit its operational growth investment strategy. For the Growth Funds, Valor seeks to identify and select high-growth, pro-entropic companies where the transition to a technology-enabled economy is an important growth driver. In selecting companies in which to invest, the Growth Funds focus on companies that Valor believes have achieved an inflection point in their ability to scale and are well positioned to continue to achieve their market, revenue, and operating goals (“Growth Companies”), although it opportunistically invests in other types of investments (including, without limitation, certain earlier stage companies).

The VSV Funds primarily seek to invest in equity and equity-related investments in startup, early-stage, and emerging companies that focus on the food, food technology, retail, retail technology, and sustainability sectors within the broader food and retail markets.

The Opportunity Fund primarily seeks to invest in equity and equity-related investments in new or existing growth stage companies of the Growth Funds, as well as in growth stage investment opportunities in other Funds. While Valor expects the Opportunity Fund will predominantly invest in existing and future growth stage portfolio companies of the other Funds (as defined herein), the Opportunity Fund is also permitted to pursue investment opportunities in non-Valor portfolio companies. In addition, the Opportunity Fund is permitted to invest a portion of its commitments in publicly traded securities and private placements of public company securities of current or former Fund portfolio companies, or successors thereto or affiliates or acquirer thereof, or an acquisition vehicle (*e.g.*, a SPAC) of one of the foregoing. In pursuing its investment strategy, the Opportunity Fund may invest either alongside the Growth Fund then-actively pursuing new platform investments or on its own if the applicable Growth Fund’s investment committee determines that the opportunity does not meet that Growth Fund’s investment criteria or portfolio construction objectives. Investors should review the Opportunity Fund’s Governing Documents for further information regarding its investment strategy and allocations.

Notwithstanding the foregoing, pursuant to the relevant Governing Documents, certain Funds reserve the right to invest a portion of their commitments in an unrestricted manner (including, without limitation, in early-stage companies, publicly traded companies and other securities and investments outside the principal strategy of the applicable Fund). See, for example, the “Ancillary Investments” risk factor below.

Valor believes its continued ability to add value to companies through the use of its operations tools and experience differentiates Valor significantly. Valor leverages its investment and internal operating capabilities to deliver value through market cycles from differentiated deal sourcing and tangible operating improvements. Valor generally does not use financial engineering or significant leverage to achieve investment returns. Rather, returns are principally achieved through growth in revenue, operating income, and returns on invested capital at Valor’s portfolio companies.

Valor believes its team, combining extensive experience as entrepreneurs, operators, and investors, is well qualified to execute its investment strategy. Valor utilizes its systematic and relationship-driven deal generation process to yield a substantial number of compelling investment opportunities. Valor accesses differentiated and proprietary deal flow by capitalizing on important attributes of Valor. Valor has deep relationships with prominent industry executives and

investment firms. Valor also maintains targeted dialogues with intermediaries who are experts in Valor's consumer, manufacturing, and services focus sectors.

Valor uses its in-house research capacity, tested deal screening and diligence processes, and unique operational viewpoint to select only what Valor considers to be the best opportunities for investment. Valor's senior professionals have successful entrepreneurial backgrounds established prior to joining Valor, and these form a core element of the foundation of Valor's culture, investment strategy, and unique mindset of viewing its portfolio companies as its "customers." As empathetic fellow operators, through its underwriting process, Valor's team develops a bond with managers in order to build alignment. This alignment process is critical to ensuring that Valor can have a realizable and incremental impact on a company's ability to achieve its goals. With portfolio company CEOs frequently serving as excellent reference customers to help Valor capture new investments, the cycle of Valor's operational growth investment model continues.

### **Operational Value-Add**

In Valor's experience, companies choose Valor as a partner to, among other things, benefit from Valor's experience and expertise in helping scale the business infrastructure, systems, and processes of companies. Having run high-growth businesses themselves, senior members of Valor's team have what they consider to be a unique empathetic viewpoint that builds credibility and enhances the partnership dynamic with entrepreneurs in Valor's portfolio. Valor believes that this entrepreneurial and operating experience, together with the expertise gained from subsequent investments, form the foundation of Valor's operating tools and the expertise used by Valor today.

Valor defines its portfolio companies as its "customers" and has designed its operational improvement products to support Valor's investments through critical scale inflection points. The Scale Group provides value added services to Valor portfolio companies by deploying its three verticals, Lean/Growth, Revenue Generation, and Human Capital. The Scale Group Lean/Growth resources are generally only available to portfolio companies alongside existing platform Growth Fund investments, which the VSV Funds, from time to time and in accordance with its Governing Documents, may be a current investor or make an investment in the future. The Lean/Growth vertical is focused on scaling a company's business infrastructure through lean enterprise techniques. These techniques are generally deployed with a focus on throughput and process improvement, quality system design and implementation, enterprise growth strategies, and leveraging data science. These tools are deployed in a variety of applications depending upon the needs of the company and the requirements of the business model. Revenue Generation and Human Capital resources, which are available to all Valor portfolio companies, focus on providing operational support by regularly and systematically coordinating with strategic investors, particularly with regard to their innovation agendas and needs, and supporting portfolio company revenue generation initiatives, including identifying, introducing, and project managing revenue generation opportunities for such portfolio companies, in addition to providing human capital support, such as fulfilling interim management position under certain circumstances. The Scale Group further supports corporate strategic investors in VSV Funds which is core to the VSV Funds' strategy by serving as an extension of the VSV Funds' portfolio companies, and providing project management, strategic advice, accelerated introductions, and meetings with key stakeholders in addition to assessing potential fit with the innovation agenda of each strategic investor.

Valor partners with proven and talented executives that are deploying, or seeking to deploy, applied technology to fundamentally improve their product, service, and/or productivity. Valor works closely

with a company's management team prior to closing an investment to accurately identify its constraints to achieving scale. Valor communicates, with what it views as full transparency, ways in which Valor's operational products can address and solve these constraints.

## **Differentiated Investments**

Valor's investment selection is highly targeted and focused with the goal of generating opportunities with asymmetric risk profiles to construct a balanced portfolio across investment stages and sectors. Valor seeks to identify potential investments offering substantial upside opportunities where the risk of loss can be mitigated through Valor's operations teams and tools and investment structure. To achieve this objective, Valor has constructed an asset selection methodology, based on decades of experience and success, to identify and screen investments in durable companies. While Valor's method of finding such companies is well established and effective, Valor considers its ability to capture and close on highly sought-after investments as an equally critical competency. Frequently, well before an investment opportunity becomes available at a particular company, Valor's team develops a relationship with the company and its management, highlighting Valor's skills and value-added proposition. It is customary for Valor to develop a dialogue with an entrepreneur over an extended period of time as it considers and evaluates an investment opportunity.

Valor's in-house research team typically first works to uncover attractive markets within Valor's focus sectors that are being, or that can be, disrupted through the application of technology. Valor then accesses its robust network to obtain investment ideas for Valor, including seeking direct referrals from earlier stage investors and industry executives, as well as engaging intermediaries with expertise in a selected market. Valor thereafter generally spends a substantial amount of time, sometimes measured in years, seeking out, and building relationships with, entrepreneurs and companies before it invests in a market. This commitment of time is important to Valor's ability to identify and create investment opportunities offering an asymmetric risk profile. It also allows for the development of both empathy and alignment between the Valor team and the entrepreneur.

Valor generally targets companies whose growth is being driven by the transition to the technology-enabled economy. With respect to the Growth Funds, Valor focuses on investing in Growth Companies that Valor believes can benefit from Valor's operational support to enhance their infrastructure in growth, business process lean, and/or data science. Valor's operational resources impact the companies' ability to scale, improving upside returns and mitigating downside risk. These companies include Growth Companies with traditional products and services, seeking to apply technologically enabled tools to accelerate growth, as well as Growth Companies with technologically driven products, requiring solutions for traditional business challenges such as supply chain management and the development of sales infrastructures. Similarly, the VSV Funds will seek to invest in companies in its focus sectors that it believes may benefit from the support of the Scale Group to enhance their ability to scale, and, where applicable, leverage strategic investor relationships and the Scale Group's portfolio support capabilities to rapidly accelerate adoption.

Valor's network is broad and geographically distributed, with members of Valor cultivating relationships across the U.S., as well as outside the U.S. Valor also focuses on diversifying its deal flow across sourcing channels to avoid concentration and potential misalignment of risk. Valor has had great success sourcing deals from its proprietary network. Leveraging the experience and skills of Valor's senior team, comprised of former operating executives and entrepreneurs, Valor builds targeted dialogues with management teams that lead to greater understanding of goals, objectives, and strategy. Valor's investment of time and resources to create this understanding differentiates Valor

as it cultivates relationships with entrepreneurs. Through the dialogue, the Valor team credibly illustrates how its tools, expertise, and resources enhance post-closing value creation. This positions Valor to successfully capture and close investments. Valor believes that companies will continue to choose Valor due to its reputation in the market as a value-added partner and the unique professional experiences its team brings to company boards and strategic decision making. In addition to the foregoing, Valor also is active in evaluating early-stage and venture-stage companies. Depending on the characteristics of a particular investment opportunity, Valor makes these types of investments through Valor VC, the VSV Funds, or the Growth Funds, in each case to the extent permitted in the relevant Governing Documents.

## **Risk Factors**

No investment is free of risk. Current and prospective Valor investors are cautioned that investments in the Funds involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear those risks. All investors should be aware of certain risk factors, which include, but are not limited to, those outlined below.

While Valor believes the risk factors outlined below are generally applicable to all of the Funds, Valor encourages prospective and existing investors to review an applicable Fund's Governing Documents for additional information. In particular, the VSV Funds are focused on making early-stage food, food technology, and retail technology investments, their portfolios will likely be less diversified, their performance will likely be more closely tied to the performance of a few industries or sectors, and, as a result, they may be more volatile, as compared to a fund with a broader mandate. The Opportunity Fund is expected to participate in a limited number of investments and, as a consequence, it may be substantially adversely affected by the unfavorable performance of any single investment. In addition, given the expected overlap of the Opportunity Fund's portfolio with other Funds, particularly the Growth Funds, investors invested in both the Opportunity Fund and other Funds should expect to have increased exposure to a few portfolio companies and therefore the unfavorable performance of one or more of these investments will have an even greater impact on the investor in such situations. Similarly, the Co-Investment Funds were each formed to invest in a single portfolio company so their performance will depend solely on the performance of that company.

*Reliance on the General Partner and Valor.* Valor and its affiliates, subject to the matters described herein, have exclusive responsibility for the Funds' activities, and, other than as may be set forth in the Governing Document, investors have no rights or powers to take part in the management of the Funds or make investment decisions for the Funds (although a Fund's Advisory Board (if any) will have a role in reviewing and/or approving certain matters as more fully set forth in the Governing Document), and will not receive the amount of any portfolio company's financial information that is generally available to Valor. Valor will generally have sole and absolute discretion in structuring, negotiating and purchasing, financing, and eventually divesting investments on behalf of the Funds (subject to specified exceptions as more fully set forth in the applicable Governing Documents). The success of the Funds will depend on the ability of Valor's investment team to identify suitable investments, to negotiate and arrange the closing of appropriate transactions, and to arrange the timely disposition of portfolio investments.

Valor's investment team and other professionals or entities that are themselves members or partners of the General Partners and/or Valor are subject to change, withdrawal and/or departure, including as more fully discussed herein. Valor may be unable to find a sufficient number of suitable attractive opportunities to meet the Funds' investment objectives. However, regardless of the extent to which

the commitments of limited partners are invested (or drawn down to be invested), limited partners of the Main Funds bear management fees during the applicable Fund’s commitment period based on the amount of limited partner commitments to such Fund or investment contributions and bridge financing contributions and other expenses as set forth in the Governing Documents. No person should purchase an interest unless such person is willing to entrust all aspects of the management of the Funds to Valor. In the limited areas where the investors have the right to consent to or to take certain actions, it should be noted that investors in all vehicles that comprise a Fund generally vote on all matters on a combined basis as set forth in the Governing Documents. Accordingly, action by investors in any parallel vehicle could affect the other vehicles that comprise the Fund. In addition, due to the size of one or more investors’ commitments to certain Funds, such investors, alone or in combination, may effectively have a blocking right over investor consents.

*Dynamic Investment Strategy.* Valor generally focuses on the consumer, engineered products, and services sectors, although the VSV Funds focus on the following sectors: food, food technology, retail technology, and sustainability within the broader food and retail markets. The number and nature of potential portfolio investments within such sectors is broad and wide-ranging. A Fund may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process, and investment techniques as it determines appropriate, subject to any limitations in its Governing Documents. For example, while Valor generally intends for the Growth Funds to primarily invest in Growth Companies as described in the Governing Documents, a Growth Fund is permitted to invest in “Ancillary Investments” as defined in, and subject to the limits set forth in, the applicable Governing Documents (also see risk factor below).

*Ancillary Investments.* The Growth Funds are able to invest in opportunities that would otherwise be outside a growth company-only investment mandate (see, e.g., “Ancillary Investment” definitions in Fund V and Fund VI’s Governing Documents), which Valor believes enhances its ability to build relationships with, and track the performance of, companies or entrepreneurs over time, thereby helping it identify and capture future and other investment opportunities that meet a Growth Fund’s growth company investment criteria. Ancillary Investments made by a Growth Fund may never ripen into growth company investment opportunities or may ripen when that Growth Fund is unable to take advantage of them (e.g., its investment period has ended) and therefore another Fund may invest in the subsequent opportunity. Likewise, a currently investing Fund may be provided opportunities to invest in companies in which a prior Fund made investments that at the time constituted “Ancillary Investments” as defined in the partnership agreements for such funds (or similar “toe-hold”, “placeholder”, or other investments).

While Valor expects the typical Ancillary Investment will be an early stage venture capital investment, Ancillary Investments can include any investment, regardless of whether it is within the principal investment focus of a Growth Fund, made in, or with respect to (e.g., in the case of options, warrants or digital assets, whether or not securities), a portfolio company or potential portfolio company of a Growth Fund or any of its alternative investment vehicles, subject to any minimum or maximum individual or aggregate investment thresholds in the applicable Governing Documents (or such greater amount as is approved by the applicable Advisory Board). For the avoidance of doubt, Ancillary Investments are permitted to include venture capital investments of any stage, digital assets (e.g., blockchain-based assets (excluding any equity or equity-based investments in blockchain-based companies), cryptocurrencies (including digital currencies), decentralized application tokens and protocol tokens and other cryptofinance coins, tokens and digital assets or instruments that are based on blockchain, distributed ledger or similar technologies, including, without limitation, investments in initial coin offerings and “non-fungible tokens” of various types), and any other investment that is

not expressly prohibited by the Governing Documents. The Growth Funds are permitted to pursue investments outside of the industries and sectors in which Valor principals have previously made investments or have internal operational experience.

*Risk of Limited Number of Investments; Dependence on Performance of Certain Investments.* The Funds are expected to participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since not all of the Funds' investments can reasonably be expected to perform well or even return capital, for the Funds to achieve above-average returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, other than as set forth in the Governing Documents, investors have no assurance as to the degree of diversification of the Funds' portfolio investments, including by geographic region, investment year, or asset type. To the extent a Fund concentrates investments in a particular issuer, sub-sector, security, or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto.

*Highly Competitive Market for Investment Opportunities.* The activity of identifying, completing, and realizing attractive investments that fall within the Funds' investment objective is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. The Funds will be competing for investments with other private investment vehicles, as well as individuals, companies, financial institutions, sovereign wealth funds and other investors. Further, over the past several years, an ever-increasing number of private equity funds focused on the same or similar investment opportunities as the Funds have been or are being formed (and many such existing funds have grown in size). Additional funds with similar investment objectives also may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions or other competitive bidding processes, the outcome of which cannot be guaranteed, thus possibly reducing the number of investment opportunities available to the Funds and potentially adversely affecting the terms upon which investments can be made. Participation in auctions also increases the pressure on the Funds with respect to pricing of a transaction. Moreover, the Funds will incur due diligence costs, bidding costs, or other expenses on potential investments that may not be successful. As a result, a Fund may not recover all of its costs, which would adversely affect returns. Additionally, competition for investment opportunities from other investment vehicles has increased on a global scale. Private equity and other funds are making global competition increasingly intense. There can be no assurance that the Funds will be able to locate, complete, and exit investments that satisfy the Funds' investment objective, or realize upon their values, or that it will be able to invest substantially all its committed capital.

Valor typically does not control its portfolio companies, each of which may have other institutional investors, including those with larger and/or more influential stakes. While the Opportunity Fund is designed to invest in companies in which other Funds are invested, Valor and such other Funds have no obligation to, and may not be able to, generate investment opportunities in such companies for, or direct investment opportunities in such companies, to the Opportunity Fund.

*European Union Alternative Investment Fund Managers Directive.* The AIFMD, as implemented in each member state of the European Economic Area ("EEA") and as implemented and retained by the UK following its departure from the European Union (the "EU"), regulates the activities of certain

private fund managers undertaking fund management activities or marketing fund interests to investors within the EEA and the UK respectively.

To the extent a Fund is actively marketed to investors that are domiciled in or have their registered office in the EEA or the UK: (i) the Fund, its General Partner and/or Valor will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional costs and expenses; (ii) the Fund, the General Partner and/or Valor may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, which would result in the Fund incurring additional costs and expenses or may otherwise affect the management and operation of the Fund; (iii) Valor and/or the General Partner will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Fund in relation to EEA or UK portfolio companies, including, in some circumstances, the Fund's ability to recapitalize, refinance, or potentially restructure a portfolio company within the first two years of ownership, which may in turn affect operations of the Fund generally. In addition, it is possible that some jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of commitments.

Subject to any limitations in its Governing Documents, a Fund will bear the costs and expenses of compliance with the Directive and any related regulations, including for example, costs and expenses of collecting and calculating data, the appointment of depositaries and/or the preparation of any notices, filings, periodic reports, and/or other materials as may be required.

*Economic and Market Conditions.* The success of a Fund's investment activities will be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which a Fund may invest or in which its portfolio companies may operate. These factors affect the level and volatility of securities prices and the liquidity of a Fund's investments, which could impair a Fund's profitability or result in losses. In addition, general fluctuations in the market prices of securities and interest rates affect a Fund's investment opportunities and the value of a Fund's investments. Valor's financial condition may be adversely affected by a significant economic downturn and it is subject to legal, regulatory, reputational, and other unforeseen risks that could have a material adverse effect on Valor's businesses and operations (including those of any Fund). A sustained downturn in the U.S. or global economy (or any particular segment thereof) will have a pronounced impact on the Funds and could adversely affect a Fund's profitability, impede the ability of a Fund's portfolio companies to perform under or refinance their existing obligations, and impair a Fund's ability to effectively deploy its capital or realize upon portfolio investments on favorable terms. A Fund could also be affected by difficult conditions in the capital markets and any overall weakening of the financial services industry. It is possible that a weakening of credit markets could adversely affect the business of a Fund, restrict a Fund's investment activities, and/or impede a Fund's ability to effectively achieve its investment objective. In addition, rapid changes in inflation could have a material adverse effect on the performance of a Fund and/or its portfolio companies. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

*Uncertain Economic, Social, and Political Environment.* 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, virus or disease epidemics 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 and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners, and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continues to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements, or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators, and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to certain downturns in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, one or more Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have. Investors should also note that the outcome of political elections during the existence of a Fund could create uncertainty with respect to legal, tax, and regulatory regimes in which the Fund, its General Partner, and Valor, will operate. Any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on the Funds and their investments.

As a related matter, Valor may be required, in connection with existing or new legislation, to provide certain information regarding some of the investors in a Fund to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act.

The Funds intend to invest in portfolio companies that may operate in a highly regulated environment and may be subject to extensive legal and regulatory restrictions, limitations, supervision, examination, and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules, and regulations, some of which are subject to interpretation and or are subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which could have material adverse effects. Furthermore, in addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of a portfolio company's operations or implement laws or regulations affecting the portfolio company's operations, separate from any contractual rights it may

have. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by or from a portfolio company or gains recognized by a Fund on its investment in such portfolio company, that could impact a portfolio company's business or a Fund's returns therefrom. Additionally, foreign investment in securities of companies in certain of the countries in which a Fund may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Fund. While regulation of investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital, or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities or instruments held by a Fund, and income on such securities or instruments or gains from the disposition of such securities or instruments could be subject to withholding taxes or other taxes imposed by certain countries where the Fund invests or in other jurisdictions.

*Force Majeure Risk.* Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, and labor strikes. Some force majeure events may adversely affect a party's ability to perform its obligations, under a contract or otherwise, unless and until it is able to remedy the force majeure event. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are incapable of, or costly to, cure may also have a permanent adverse effect on a Fund or a portfolio company.

*Environmental Risk.* National and local environmental laws and regulations affect the operations of portfolio companies. A Fund may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations, and permit requirements, and there can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. Standards are set by these laws and regulations regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, joint and several obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted or where materials were disposed of. New and more stringent environmental and health and safety laws, regulations and permit requirements, or stricter interpretations of current laws or regulations could impose substantial additional costs on portfolio companies or potential investments and could create liabilities which did not exist at the time of acquisition and that may not have been foreseen. Compliance with such current or future environmental requirements does not ensure that the operations of portfolio companies will not cause injury to the environment or to people under all circumstances or that portfolio companies will not be required to incur additional unforeseen environmental expenditures. Moreover, failure to comply with any such requirements could lead to, among other things, government fines and stop-work

injunctions and could have a detrimental impact on the financial performance of a portfolio company. There can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations, and permit requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims.

Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the limited partners of a partnership (such as the Funds) subject to environmental liability. However, an investor in a Fund may reduce its risk of such personal liability by avoiding activities with respect to the portfolio companies other than as specifically contemplated by the Governing Documents.

*Public Health Emergencies.* 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 market disruptions, and in the future, such emergencies have the potential to materially and adversely impacting economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports, and entertainment.

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 Valor 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.

*Availability of Insurance for Certain Catastrophic Losses.* Valor may seek to have a portfolio company obtain liability, fire, flood, extended coverage, rental loss, or other insurance with insured limits and policy specifications that it believes are customary for similar companies. However, Valor may be unable to require the portfolio company to obtain such insurance, and certain losses, including those of a catastrophic nature, such as wars, natural disasters, terrorist attacks, or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a portfolio company. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, a Fund could lose both invested capital in and anticipated profits from the affected portfolio investments.

*Investments in Highly Levered Portfolio Companies; Use of Leverage.* Valor has historically used varying amounts of leverage, at the fund-level and in its portfolio companies. Investments in leveraged companies or made using fund-level borrowing may enhance the opportunity for capital appreciation. Such investments, however, involve a higher degree of risk. The Funds' investments involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks (as well as particular risks associated with investing in companies described below and in the Governing Documents) may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds may suffer a partial or total loss of capital invested in the portfolio company. A Fund may also guarantee portfolio company obligations, which creates the risk that the Fund's loss with respect to such portfolio company may exceed the Fund's investment therein. In certain situations, more than one investment purchased by a Fund with the use of leverage or obligations guaranteed by a Fund may be held with the same bank, custodian, or dealer and may be linked and used to "cross-collateralize" the borrowings and guarantees of a Fund or may otherwise have "cross-default" provisions. In the event that such investments are "cross-collateralized" or "cross-defaulted", the Funds could experience concurrent liquidation on multiple investments to satisfy its borrowing and/or guarantee obligations, and an adverse event or condition at or with respect to one portfolio investment could negatively affect and/or cause a loss of a different investment that would not otherwise be subject to such adverse event or condition. To the extent the entities or parties entering into a joint or cross-collateralized borrowing arrangement are portfolio companies or entities holding investments (and not the Funds itself), such borrowings will not be subject to the limits on borrowings by the Funds that are set forth in the Governing Document. The securities in which the Funds invests may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will, in the case of equity investments, be no collateral to protect an investment once made.

A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. 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. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund- level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Valor or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third- party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

*Illiquid and Long Term Investments.* It is anticipated that there will be a significant period of time before the more recent Funds will have completed making investments in portfolio companies. Such investments may take a number of years from the date of initial investment to reach a state of maturity, when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds' investment prior to that time. Often, there will be no readily available market for investments made by the Funds. Disposition of such investments may require a lengthy time period or may result in distributions in kind to investors.

In most cases, there will be no public market for the securities held by the Funds at the time of their acquisition. The Funds will generally not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, the Funds likely will be prohibited by contract or other limitation in some cases from selling a portfolio company's securities or other instruments for a period of time (e.g., due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result will not be permitted to sell a portfolio investment at a time it might otherwise desire to do so. In addition, some of a Fund's investments may be in portfolio companies in which the Fund and Valor have little to no influence over exit timing, including portfolio companies controlled by other private equity firms with different and/or inconsistent liquidity objectives. To the extent that there is no liquid trading market for an investment, the Funds may be unable to liquidate that investment or may be unable to do so at a profit or at a price that is representative of the fair market value of the company as a whole. Moreover, there can be no assurances that private purchasers for the Funds' portfolio investments will be found. Upon dissolution of the Funds or as otherwise provided in the Governing Documents, securities or instruments may be distributed in-kind so that investors may then become minority shareholders in a number of unlisted companies (and as a consequence be unable to protect their interests effectively). There can be no assurance that investors will be able to dispose of such securities or instruments or that the fair market value of such securities or instruments determined by a Fund for purposes of the determination of distributions and the calculation of Valor's carried interest ultimately will be realized. In addition, if a Fund receives distributions in-kind from any investment, it may incur additional costs and risks in connection with the disposition of such assets.

*Investments Longer than Term.* The Funds expect to make investments that may not be advantageously disposed of prior to the date on which a Fund will be dissolved, either by expiration of its term or otherwise. Although each General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and each General Partner has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although following the dissolution of a Fund, a General Partner will seek to reduce to cash and cash equivalents such assets of the Fund as the General Partner shall deem it advisable to sell, subject to obtaining fair market value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur. Valor may be unable to exit an investment during the standard life of a Fund, or Valor may believe that it would be suboptimal to exit during that time, for example because Valor believes that the investment has not reached an appropriate level of maturity or the investment still holds significant future upside. This could include, but is not limited to, a company that is not in the right part of the curve of a longer industry cycle, or one for which there is still a significant amount of value creation that can be done or future growth that is expected to occur. The Fund may have a number of investments involving tax receivable agreements, which can have very long lives lasting for as many as 30 years. With respect to any investment that Valor does not believe it would be advisable to exit before the end of the life of the relevant Fund, it is possible that Valor would determine that the optimal solution is to sell an investment from an earlier Fund to a later one. Valor would only do so in accordance with any restrictions and requirements set forth in the applicable Governing Documents, including but not limited to obtaining any Advisory Board consent required thereby. In addition, Valor might also consider other possible solutions, such as the creation of a separate vehicle to hold long-lived assets. Any transfer of assets to such a vehicle would again be done only in accordance with any applicable limitations in the applicable Governing Documents.

*Non-U.S. Investments.* A Fund is generally permitted to invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the U.S. Non-U.S. securities and companies headquartered in, or with substantial sales or operations in, jurisdictions outside of the U.S. involve certain risk factors not typically associated with investing in U.S. securities and U.S. focused companies, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which a Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (v) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (vi) certain economic, social, and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, political hostility to investments by foreign or private equity investors, the risks of political, economic, or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (vii) the possible application of complex U.S. and non-U.S. tax rules to cross-border investments, the possible imposition of foreign taxes on income and gains recognized with respect to such securities or companies and possible non-U.S. tax return filing requirements for the Funds and/or their respective limited partners; (viii) less developed corporate laws regarding creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; and (ix) less publicly available information. Additionally, political and social instability in the countries in which a Fund invests could adversely affect such Fund's investments in such countries or its portfolio companies' sales or operations in, or supplies from, such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic, and social conditions and popular unrest in opposition to government policies, including those that facilitate direct foreign investment. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. The Funds generally do not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic, or social instability, or other economic or political developments could adversely affect the assets of the Funds held in a particular country or sales to customers in, or the availability or pricing of supplies or labor from, a particular country.

*Non-Controlling Investments and/ or Investments with Third Parties in Joint Ventures and Other Entities.* The Funds can be expected to hold non-controlling interests in many of its portfolio companies and, therefore, may have no right to appoint a director and a limited ability to protect its interests in such companies and to influence such companies' management. Similarly, the Funds may co-invest with third parties through joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. Moreover, in the case where the Funds may co-invest, such investments will involve risks not present in investments where a third party is not involved, including the possibility

that a third-party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third-party partners or co-venturers. Investments made with third parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third-party partners or co-venturers. While each Fund generally expects to seek appropriate minority shareholder rights to protect its interests to the extent possible, there can be no assurance that such minority shareholder rights will be available or that such rights will provide sufficient protection of the Funds' interests. As is the case with minority holdings in general, minority stakes held by the Funds will have neither the control characteristics of majority stakes nor the valuation premiums often accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for a Fund to liquidate its minority interest in a company than it would be had the Fund owned a controlling interest in the company. Even if a Fund has contractual rights to seek liquidity of its minority interest in a company, it may be very difficult to sell such interest or seek a sale of the company upon terms acceptable to the Fund, especially in cases where other investors in the company have different interests, business and investment objectives, or goals. Such risks may also exist when more than one Fund is invested in a portfolio company, even without the presence of another third party co-investor or joint venture partner, due to, among other things, Funds holding securities of different types, acquired at different times and/or at different valuations or due to different fund liquidation dates.

*Investment Restructurings.* While not expected to be an area of core focus for the Funds, a Fund may nonetheless make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties, which may never be overcome and may cause a portfolio company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities, which may exceed the value of the Fund's original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Fund and distributions by a Fund to its investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment or a similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims.

*Investments in Public Companies.* The Funds' investment portfolio may contain securities or instruments issued by publicly held companies. Such portfolio investments will subject the Funds to risks that differ in type or degree from those involved with portfolio investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities or instruments at certain times, increased likelihood of shareholder litigation against such companies' board members, and increased costs associated with each of the aforementioned risks. In addition, in connection with any pre-IPO or private investment in public securities (e.g., PIPE investments), a Fund is likely to be required to enter into a lock-up arrangement restricting when it can exit its investments.



*Investments in Less Established Companies.* The Funds expect to make portfolio investments in a number of expansion and growth-oriented companies, as well as venture capital companies, that have inherently greater risk than more established businesses. To the extent there is any public market for the securities held by the Funds, such securities generally are subject to more abrupt and erratic market price movements than those of larger, more established companies. Such venture capital, expansion, growth-oriented, or otherwise early-stage companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Oftentimes, such companies also have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Certain venture capital, expansion, growth-oriented and/or other early-stage companies may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of the Funds' entire investment therein. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Funds invests, the Funds may suffer a partial or total loss of capital invested in that company. The foregoing factors also increase the difficulty of valuing such investments. There can be no assurance that any such losses will be offset by gains (if any) realized on the Funds' other investments. The foregoing factors also increase the difficulty of valuing such investments.

*Risks Associated with Digital Assets Including Cryptocurrency Investments.* A portion of certain Funds' portfolio investments is permitted to include investments directly or indirectly in, or with respect to, digital assets (e.g., blockchain-based assets, cryptocurrencies (including digital currencies), decentralized application tokens and protocol tokens and other cryptofinance coins, tokens and digital assets or instruments that are based on blockchain, distributed ledger or similar technologies, including, without limitation, investments in initial coin offerings and "non-fungible tokens" of various types). Investments in cryptocurrency assets are subject to many specialized risks and considerations, including risks relating to technology, security, regulation, user/market acceptance, volatility and timing.

*Risks Associated with Investments in the Healthcare Sector.* Certain Funds are expected to make investments in the healthcare sector. Various segments of the healthcare sector are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Funds intend to make investments in portfolio companies that comply with applicable laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the portfolio companies in which a Fund invests. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare sector. In addition, various legislative proposals related to the healthcare sector are introduced from time to time at the U.S. federal and state level, and any such proposal, if adopted, could have a significant impact on the healthcare sector and portfolio companies.

Healthcare reform also continues to be a significant factor in the profitability of portfolio companies in which a Fund invests. The efforts to reform the healthcare delivery system in the United States and other non-U.S. jurisdictions have resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the portfolio companies in which a Fund invests.

Furthermore, changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare or healthcare related company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Failure to obtain governmental approval of a key drug or device or other regulatory action could have a material adverse effect on the business of a portfolio company.

In addition, research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on certain of the portfolio companies.

*Concentration of Investments in the Technology Sector.* With respect to many of the Funds, their investments are expected to be made primarily in venture capital, expansion, and growth-oriented portfolio companies in or closely connected to the technology sector. Concentration in a single industry or a few, targeted industries involves risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The technology sector is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products and services and/or improvements in existing products and services. The Funds' portfolio companies will compete in this volatile environment. There can be no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Instability, fluctuation, or an overall decline within the technology sector will likely not be balanced by investments in other industries not so affected as the Funds' investments are concentrated in the technology, technology-enabled, and related growth sectors. In the event that the technology sector as a whole declines, returns to investors will likely decrease. While each Fund intends to make investments in portfolio companies that comply with applicable laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. In addition, various legislative proposals related to the technology sector are introduced from time to time at the U.S. federal and state level, and any such proposal, if adopted, could have a significant impact on the technology sector and a Fund's portfolio companies.

*Concentration of Investments in the Food and Retail Sectors.* The VSV Funds' investments are expected to be made primarily in companies that are planning to provide, directly or indirectly, products, services, and/or technology relating to food and retail. Concentration in a few targeted industries involves risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The food and retail products, services, and technology sectors are challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products. The VSV Funds' companies will compete in this volatile environment. There can be no assurance that products or services sold by the companies will not be rendered obsolete or adversely affected by competing products and services or that the companies will not be adversely affected by other challenges. Instability, fluctuation, or an overall decline within the food and retail products, services, and technology sectors will likely not be balanced by investments in other industries not so affected as the VSV Funds' investments are concentrated in the food and retail products, services, and

technology. In the event that the food and retail sectors as a whole decline, returns to investors will likely decrease.

*Additional Capital.* Certain of the Funds' portfolio companies, especially those in a development or "platform" phase, may be expected to require additional financing to satisfy their working capital requirements or business development strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including the Funds. The Funds may make additional debt and equity investments or exercise pre-emptive rights, warrants, options, or convertible securities that were acquired in connection with an earlier investment in such company in order to preserve the Funds' proportionate ownership when a subsequent financing is planned, or to protect the Funds' investment when such portfolio company's performance does not meet expectations. There can be no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. To the extent a portfolio company in which a Fund has invested receives additional funding in subsequent financings and a Fund does not participate adequately in such additional financing rounds, the interests of the Fund in such portfolio company would be diluted. The availability of capital is generally a function of market conditions that are beyond the control of the Funds or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. In the case of investments involving a "platform company", the Funds will typically enter into an arrangement with one or more individuals (who may have experience or capability in sourcing and/or managing investments) to undertake a build-up strategy to acquire and develop assets and business in a particular sector or involving a particular strategy. The counterpart individuals may be compensated with a salary and/or equity incentive plan. In such circumstances, the Funds would initially invest capital to fund a portion of the overhead (including rent, salary or retainers for the counterpart individuals) and sourcing costs for initial investments by the platform. Although a General Partner and its affiliates are generally responsible under the Governing Document for certain overhead expenses associated with sourcing and managing investments, as well as compensation costs of investment professionals, the Funds (and indirectly investors, and not solely the General Partner and its affiliates) will bear the cost of overhead and the sourcing of investments, as well as compensation for the related counterparties, for these platform companies.

*Investments in Bridge Financings.* From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments would remain outstanding. In such an event, the interest rate on such loans or the terms of such interim investments would not adequately reflect the risk associated with the position taken by the Funds.

*Hedging Policies/Risks.* In connection with the acquisition, financing, refinancing, or disposition of certain investments, the Funds are likely to employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks.

Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if it had not entered into such hedging transactions.

*Reliance on Portfolio Company Management Team.* Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although Valor will be responsible for monitoring the performance of each investment, and the Funds seek to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully and in accordance with the Funds' plans. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Additionally, portfolio companies will need to attract, retain, and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. In addition, because the Funds are typically expected to hold minority non-controlling stakes in portfolio companies, the Funds may not be able to effect a change in management even if Valor believes that current executives are underperforming or that other individuals are more suitable to lead the portfolio company. Further, the business and operations of portfolio companies in the technology sector may be more likely to experience rapid organizational change, which may strain the performance of such portfolio companies' management teams. There can be no assurance that portfolio companies will be able to attract, develop, integrate, and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

*Risk in Managing Portfolio Companies and Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of a Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such improvements. In particular, Valor's operations professionals may not be available to certain portfolio companies (e.g., Growth Fund operations resources when no Growth Fund has made an investment), or otherwise may not be available to provide, or may not be successful in providing, requisite operational improvement advice or services. Additionally, to the extent a Fund acquires a control or control oriented interest in a portfolio company, a Fund will be exposed to risks inherent in owning or operating a business. The exercise of control over a portfolio company through a control position, or the service of an officer or employee of Valor and its affiliates as a director of a portfolio company, could (i) expose the assets of a Fund to claims by such portfolio company, its security holders, and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations, and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur, a Fund, directly, and a Fund's investors indirectly, could suffer losses.

*Contingent Liabilities upon Disposition.* In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business, financial affairs, and other aspects (such as property, tax, insurance, and litigation) of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements will result in

the incurrence of contingent liabilities for which Valor reserves the right to establish reserves or escrow accounts. In that regard, investors may be required to return amounts distributed to them to fund Fund obligations, including indemnity obligations, subject to certain limitations set forth in a Fund's Governing Documents and obligations under law. Furthermore, under the Delaware Revised Uniform Limited Partnership Act (as amended, the "Act"), each limited partner that receives a distribution in violation of the Act will, under certain circumstances, be obligated to recontribute such distribution to the applicable Fund.

*Uncertainty of Estimates and Financial Projections.* Estimates or projections of market conditions, commodity prices, and supply and demand dynamics are key factors in evaluating potential investment opportunities. These estimates are subject to wide variances based on changes in underlying commodity prices and technical assumptions. There can be no assurance that projected results will be obtained, and actual results may vary significantly from projections or assumptions. General economic conditions, which are not predictable, may also have a material adverse impact on the reliability of such projections. In addition, the actual condition of the portfolio companies or other elements of a portfolio company may be worse than anticipated, requiring adjustments such as additional capital or maintenance expenditures, which may not be recoverable, allocable to counterparties, or economic from a stand-alone perspective.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies.* Before making portfolio investments, Valor will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental, and legal issues. Outside consultants, strategic advisors and partners, legal advisors, accountants, investment banks, EIRs and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisers or consultants may present a number of risks primarily relating to Valor's reduced control of the functions that are outsourced. In addition, if Valor is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, Valor will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that Valor carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the portfolio investment being successful. There can be no assurance that attempts to provide downside protection with respect to portfolio investments will achieve their desired effect and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk. There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the portfolio investment on an ongoing basis. Conduct occurring at portfolio companies, even activities that occurred prior to the Funds' investment therein, could have an adverse impact on the Funds.

In the event of fraud by any portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Funds' securities and/or other investments in or with respect to such portfolio company. The Funds will rely upon the accuracy and completeness of representations made by portfolio companies and/or their current or former owners in

the due diligence process to the extent Valor believes reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Recycling; Reinvestment.* Valor has the right generally, in its sole discretion, to recall (or retain) an amount of distributions made (or otherwise to be made) to partners in accordance with and subject to the limitations of the Governing Documents. Accordingly, during the term of a Fund, an investor may be required to make capital contributions in excess of its commitment. In addition, such reinvestment limits early distributions to investors, and to the extent such recalled or retained amounts are reinvested in portfolio investments, an investor will remain subject to investment and other risks associated with such portfolio investments. As a result, reinvestment increases the risk of investing in the Funds.

*Currency and Exchange Rate Risks.* Fund interests are denominated in U.S. dollars so investors in any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price, or income of the investment to such investor. There may also be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions that an investor should consider.

A portion of a Fund's portfolio investments, and the income received by the Fund with respect to such portfolio investments, may be denominated in currencies other than U.S. dollars. However, the books of each Fund will be maintained, and contributions to and distributions from each Fund generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of portfolio investments and the amounts of distributions, if any, to be made by a Fund. In addition, a Fund will incur costs and execution risk when converting portfolio investment proceeds from one currency to another. From time to time, a General Partner may enter into hedging transactions designed to reduce such currency risks, but it does not expect to eliminate a Fund's exposure to exchange rate fluctuations.

*No Market for Interests; Transferability Restrictions.* The Fund interests have not been registered under applicable any U.S. federal or state or non-U.S. jurisdiction. Therefore, the interests cannot be resold unless subsequently registered under applicable laws or an exemption from such registration is available. There is no public market for the interests and none is expected to develop. It is not contemplated that registration of the interests under any applicable securities laws will ever be affected. Accordingly, it may be difficult to obtain reliable information about the value of the interests. In addition, the interests are not transferable except with the consent of the applicable General Partner, which it generally may withhold in its sole discretion. Investors may not withdraw capital from a Fund, except in certain limited circumstances. The General Partners are under no obligation to facilitate or approve transfers. Consequently, investors may not be able to liquidate their investments prior to the end of a Fund's term and must therefore be prepared to bear the economic risk of an investment for an indefinite period.

*Valuation of Portfolio Investments and Interests.* Generally, there is not expected to be an established market for the interests or for securities held by the Funds and there may not be any comparable companies for which public market valuations exist. The fair market value of all portfolio investments or of property received in exchange for any portfolio investments will be determined by a General Partner in accordance with the applicable Governing Documents. Because there is significant uncertainty as to the valuation of illiquid investments, the values of such investments may

not necessarily reflect the values that could actually be realized by the Funds, and the difference in values may be material. Under certain conditions the Funds may be forced to sell portfolio investments at lower prices than it had expected to realize or defer—potentially for a considerable period of time—sales that it had planned to make. In addition, under limited circumstances, Valor may not have access to all material information relevant to a valuation analysis with respect to a portfolio investment. As a result, the valuation of the Funds’ portfolio investments, and as a result the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties. Valuations will generally not be audited or verified by any third party service provider.

A valuation may be increased to reflect new investment rounds at portfolio companies based on the price paid for a small stake in the applicable portfolio company, and may not accurately reflect the valuation that then could be obtained in a sale of the entire company. In addition, for certain companies, values of portfolio investments may be determined by valuing the Fund’s securities or other securities on an as if converted basis ignoring differences in liquidation preferences or other terms that would have a material impact on valuation in certain circumstances. Furthermore, in the event that a Fund makes any distribution in-kind to investors, the fair market value of such property will be determined by its General Partner, subject to the terms and conditions of the Governing Documents. If the valuations made by a General Partner are incorrect, the amount of carried interest received by Valor and/or its affiliates, or the timing of receipt of carried interest, also could be incorrect.

*Indemnification.* A Fund will be required to indemnify Valor and its affiliates, partners, members, managers, employees, agents, advisers, and personnel and, if applicable, Advisory Board members for liabilities incurred in connection with the affairs of a Fund. Additionally, such parties will be entitled to exculpation by a Fund. Such liabilities may be material and have an adverse effect on the returns to the investors. For example, in their capacity as directors of portfolio companies, the employees, partners, members, managers, or affiliates of Valor may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of a Fund would be payable from the assets of the Fund, including the unfunded capital commitments of the investors. The General Partners also reserve the right to recall distributions previously made to the investors, subject to certain limitations in the Governing Documents, to satisfy such liabilities. Furthermore, as a result of the provisions contained in the Governing Documents, the investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

It should be noted that Valor reserves the right to purchase insurance for a Fund, Valor, and Valor’s employees, partners, members, managers, affiliates, agents, and representatives, but there can be no assurance that such insurance will cover any or all liabilities. In addition, subject to any limitations in the Governing Documents, each General Partner reserves the right to cause a Fund to advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person’s entitlement to indemnification). As a result, there may be periods where a Fund is advancing expenses to an individual or entity with whom the Fund is not aligned or is otherwise an adverse party in a dispute. Moreover, in its capacity as general partner of a Fund, Valor will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of a decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification or exculpation so long as a General Partner (and/or its legal counsel) has determined that such disqualifying conduct did not occur. With respect to

indemnification and exculpation, prospective investors should note that the applicable partnership agreements (or similar Governing Documents) contain provisions that modify and replace the duties, including fiduciary and other duties, to the Fund and its investors to which Valor may otherwise be subject, authorize and permit conduct on the part of Valor that might not otherwise be permitted pursuant to such duties, and limit the remedies of investors with respect to breaches of such duties. For example, whereas ordinarily a general partner of a limited partnership would owe a duty of care equivalent to a “negligence” standard, the Fund partnership agreements typically provide that a General Partner and other indemnitees will not be liable unless they act with “gross negligence.” Similarly, whereas a general partner of a limited partnership owes a general duty of loyalty to the limited partnership and its limited partners, the Fund partnership agreements typically provide that a General Partner is permitted (and shall be deemed to have fulfilled all duties) to take certain actions, even where it is “interested,” in any manner so long as it is not prohibited by the applicable partnership agreement (and with respect to any matter not specifically contemplated by the applicable partnership agreement, a General Partner will be permitted (and shall be deemed to have fulfilled all duties) to take any such action, even if it is “interested,” so long as it subjectively believes that such action is not expressly prohibited by the applicable partnership agreement). In that regard, a General Partner will, to the fullest extent permitted by law, be required to comply with the applicable partnership agreement and will not be subject to any different standards imposed by the Act or under any other law, rule, or regulation or in equity, regardless of the General Partner’s own financial interest in the outcome.

*Deployment of Capital.* In light of a Fund’s investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, it is expected that a Fund will from time to time maintain cash at the fund level pending deployment into investments, which could at times be significant. Such cash may be held in an account of a Fund or may be invested in money market accounts or other similar temporary investments. In the event a Fund were unable to find suitable investments such cash may be maintained at the fund level for longer periods which would be dilutive to overall investment returns. It is not anticipated that the temporary investment of such cash into money market accounts or other similar temporary investments pending deployment into portfolio investments will generate significant interest, and investors should understand that such low interest payments (if any) on the temporarily invested cash may adversely affect overall Fund returns. In addition, a Fund is generally permitted to fund investments using proceeds derived through fund-level borrowings (e.g., a secured subscription credit facility) on a long-term basis and/or in advance of calling capital from investors, which may be on a joint, several, joint and several or cross-collateralized basis or otherwise with parallel funds and/or other Funds. The costs and expenses of any such borrowings will generally be allocated among a Fund, such parallel funds, and such other Funds *pro rata* (and to investors *pro rata*), which will increase the expenses borne by investors and would be expected to diminish net investment returns. While the use of a subscription credit facility to defer capital contributions imposes an interest cost that reduces net investment return multiples, it may also have the effect of increasing the Fund’s internal rate of return, thereby facilitating the Fund’s ability to meet or exceed the preferred return threshold, such that the General Partner becomes entitled to carried interest.

*Use of Leverage at the Fund Level.* The General Partners generally are permitted to obtain one or more revolving or other credit facilities, or provide guarantees, in each case which may be secured by the capital commitments of the investors of a Fund. In the event of a failure to pay or other event of default under any such credit facility, the lenders could require investors to fund their entire remaining unfunded commitments. In addition, in the event that the lenders require investors whose commitments have been pledged to fund their commitment to repay indebtedness, the failure of



certain of those investors to honor their commitments could result in the remaining investors' repayment obligations exceeding their *pro rata* share of the indebtedness. In addition, such borrowings may limit the investors' ability to use their interests as collateral for other indebtedness. Certain U.S. tax-exempt investors may recognize unrelated business taxable income ("UBTI") as a result of borrowings or guarantees by a Fund or certain entities in (or through) which a Fund invests.

Required repayments of debt and related interest can adversely affect a Fund's performance. In the event that a Fund is unable to repay any credit facility borrowings or guarantees from its cash flows, a Fund may be required to dispose of portfolio investments to repay the lender(s). If a Fund is required to dispose of portfolio investments in order to repay lender(s) at an inopportune time or on an expedited basis, it may not realize as much value upon such disposition as it would receive in connection with an orderly disposition.

A Fund's credit facilities may contain customary restrictions, requirements, and other limitations on a Fund's ability to incur indebtedness or provide guarantees or other credit support in respect of portfolio company obligations, including customary financial covenants. A Fund's ability to borrow under its credit facilities or provide guarantees or other credit support in respect of portfolio company obligations and, in certain cases, its ability to respond to changes in the performance of its portfolio investments are subject to these financial and other covenants.

A Fund's ability to obtain leverage on attractive terms may be negatively affected by, among other things, its size, and the composition of the investors and the availability of information lenders may require from or about them.

*Subscription Lines.* A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring, and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating, or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. 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 internal rate of 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. 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. 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. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) or to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses. In such instances, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund. 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.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The General Partners are authorized to use Fund-level borrowing to pay management fees and to reimburse Valor for expenses incurred on behalf of the Funds. A Fund is also permitted to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential

carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

*Dilution from Subsequent Closings.* Investors subscribing at closings occurring after an initial closing and up to and including a Fund's final closing will participate in existing investments of the Fund, diluting the interest of existing investors therein. Although such investors subscribing at subsequent closings will contribute their *pro rata* share of previously made Fund draws (typically plus an additional amount thereon, and subject to certain potential equitable adjustments at the discretion of the General Partner), there can be no assurance that this payment will reflect the fair market value of the Fund's existing investments at the time such additional investors subscribe.

*Liability for Return of Distributions; Subordination of Distributions.* If a Fund is otherwise unable to meet its obligations, and in certain other circumstances as set forth in its Governing Documents or pursuant to applicable law, the investors may be obligated to return cash distributions previously received by them, *e.g.*, if such distributions are deemed to be a return of their capital contributions or a wrongful payment to them. In addition, certain provisions in the Governing Documents will permit a General Partner to require each investor to return distributions made to such investor for the purpose of meeting such investor's share of a Fund's indemnification or other obligations. Furthermore, with respect to any distributions from, or other proceeds with respect to, an investment that were in turn distributed to the investors, each General Partner reserves the right to require the investors to return such distributions to the extent a Fund is required to return such distributions or proceeds. In connection with one or more credit facilities entered into by a Fund, distributions to the investors may be subordinated to payments required in connection with any indebtedness contemplated thereby.

*Public Disclosure.* Some of the interests will be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to a Fund or its portfolio companies results from interests being held by public investors, the Fund may be adversely affected. The General Partners may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors or to investors more generally. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in Valor and/or the Funds becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain, which disclosure requirements may adversely affect the Funds.

*Limited Access to Information.* Investors' rights to information regarding the Funds will be specified, and strictly limited, in the Governing Document. In particular, it is anticipated that Valor will obtain certain types of material information from portfolio investments that will not be disclosed to investors because such disclosure is restricted based on contractual, legal, or similar considerations or obligations outside of Valor's control, or because Valor determines that such disclosure is not in the best interest of the relevant Fund (*e.g.*, because it may adversely affect the value of a portfolio company). Decisions by Valor to withhold information may have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its interests may have difficulty in determining, or obtaining from the buyer thereof, an appropriate price for such interests.

Decisions to withhold information also may make it difficult for investors to monitor Valor and its performance. Additionally, it is expected that investors who designate representatives to participate on a Fund's Advisory Board will, by virtue of such participation, have more information about the Fund and portfolio investments in certain circumstances than other investors generally and will be disseminated information in advance of communication to other investors generally. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Valor reserves the right to withhold certain information from investors subject to such laws for reasons relating to Valor's public reputation, business strategy, or other reasons.

*Amendments; Side Letters.* Fund Governing Document may be amended from time to time generally with the consent of the relevant Fund General Partner and a majority in interest of the investors, subject to certain exceptions set forth in the Governing Document. Under certain circumstances, failure to object or respond to a proposed amendment within certain time periods specified in the Governing Document may be deemed consent. The Governing Documents for each Fund sets forth certain other procedures for its amendment, including provisions allowing the General Partner to amend the Governing Document without the consent of the investors in certain circumstances. Valor reserves the right to enter into a Side Letter or other similar agreement with a particular investor with respect to the Funds without the approval or vote of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of the Governing Document or the subscription agreement related thereto with respect to such investor in a manner more favorable to such investor than those applicable to other investors. Any rights established, or any terms of the Governing Document or any subscription agreement related thereto, altered or supplemented in a Side Letter or other similar agreement with an investor will govern solely with respect to such investor notwithstanding any other provision of the Governing Document or any subscription agreement related thereto. Such rights or terms in any such Side Letter may include, without limitation: (i) excuse rights applicable to particular investments (the exercise of which will increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments) or limitations on, or conditions to, a Fund making certain investments; (ii) reporting obligations of Valor, including agreements to extend certain information rights or additional reporting to such investor, including, without limitation, to accommodate special regulatory or other circumstances of each investor; (iii) waiver of certain confidentiality obligations and/or documentation that might be requested by Valor for the benefit of lenders or other persons extending credit to or arranging financing for a Fund; (iv) matters regarding such investor's (or its affiliates') interest in providing debt financing to a Fund or its portfolio companies, co-investing with the Fund in portfolio companies, or acquiring available interests from investors seeking to transfer such interests; (v) consent to certain transfers by an investor; (vi) rights or terms necessary in light of particular legal, tax, regulatory, or public or investment policy characteristics of an investor (including withdrawal rights in respect of political contribution, gift and other similar policies or restrictions established by investors affiliated with a government entity or agency); (vii) more favorable economic provisions for such investor including with respect to management fees or carried interest; (viii) rights with respect to investing in successor funds; or (ix) rights to withdraw in whole or in part from a Fund, limit obligations to make further capital contributions, or decline to participate in certain investment vehicles. Notwithstanding anything to the contrary herein, any "most favored nations" rights granted to any investor will not entitle such investor (solely by reason of such "most favored nations" right) to receive (a) the right to designate an Advisory Board member or observer, (b) any rights or benefits established in favor of another investor by reason of the fact that such other investor is subject to any laws, rules, or regulations to which the investor is not also subject, (c) any

rights or benefits that are personal to such other investor based solely on the place of organization or headquarters, organizational form of, or other particular restrictions applicable to, such other investor, (d) any rights or benefits granted to a General Partner, its affiliates, and their partners, members, or their employees, or other persons or entities designated as “Affiliated Partners,” (e) any rights or benefits in favor of any investor pursuant to an arrangement or agreement where such investor, together with any of its affiliates, makes an investment in multiple Funds or any other Valor investment vehicles or accounts, (f) any information, notice, reporting, certification or disclosure rights, or (g) any other right or benefit set forth in the Governing Documents as being exempt from such “most favored nations” right. It is also expected that Valor will from time to time confirm factual matters to incoming investors, make statements confirming intent or expectation to such investors or acknowledge statements by such incoming investors that relate to a Fund and/or Valor’s activities pertaining thereto in one or more respects. Any such statements, confirmations or acknowledgements will not involve the granting of any contractual rights as to future conduct, and therefore will not be subject to the “most favored nations” process or election by the investors. Investors generally will not have the right to receive notice of such statements, confirmations or acknowledgements, or to be provided copies of side letters or other similar agreement provisions as to which they have no “most favored nations” rights. There can be no assurance that any such arrangements will not influence Valor’s activities or the operation of a Fund. Any “most favored nations” rights may be conditioned on an investor’s absolute or relative commitment amount as set forth in the Governing Documents. Except where required by the Governing Documents, other investors will not have a right to receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, its General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

In addition, Valor reserves the right to enter into agreements with investors involving an investor’s overall relationship with Valor, including one or more strategies in addition to a Fund’s strategy with terms and conditions applicable to such investor and its investment in multiple Valor strategies that would not apply to another investor’s investment in a Fund. Such an agreement would often involve an investor agreeing to make a capital commitment to multiple Funds, one or more of which may include the Fund in which the other investor is invested. Investors will not receive a copy of the agreement memorializing such an investment program and will be unable to elect any rights or benefits granted to such multi-strategy investor. Specific examples of such additional rights and benefits include (in addition to one or more of the rights listed above) specialized reporting, discounts on and/or reimbursement of management fees and/or carried interest applied to some or all of the relevant investment program and/or investment vehicles, secondment of personnel from the investor to Valor (or vice versa), as well as targeted amounts for co-investments alongside Funds. To the extent any such arrangements are entered into, they may result in fewer co-investment opportunities (or reduced allocations) being made available to other investors.

*Financial Market Fluctuations.* General fluctuations in the market prices of securities and interest rates may adversely affect the value of the Fund’s portfolio investments and/or increase the associated risks inherent in the Fund’s portfolio investments. The ability of companies, businesses, projects, or assets to refinance debt securities depends on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets. The state of global credit markets, coupled with the global financial system generally, may make it significantly more difficult than had been the

case in certain periods in the recent past for financial sponsors to obtain favorable financing terms for their investments. The U.S. or the global economy could experience significant declines in employment, household wealth, and lending, and the global credit markets could experience substantial disruption, liquidity shortages, and financial instability. Because of the unpredictable nature of these events, the impacts on global markets and a Fund are difficult to anticipate and may adversely affect a Fund and its investments. While each General Partner expects that the current industry environment may yield attractive investment opportunities for the Funds, there can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of a Fund's portfolio companies (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company or other investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments.

Each Fund's investment strategy and the availability of opportunities satisfying such Fund's risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast, or predict future events, and, in any event, past performance is not indicative, or a guarantee, of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by a General Partner will prove correct and actual events and circumstances may vary significantly. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

*Possible Exclusion.* A General Partner may determine that it is appropriate to initially exclude one or more investors (or categories of investors) from a particular portfolio investment (or category of portfolio investments) due to particular tax concerns related thereto or for other regulatory, legal or other reasons as set forth in the Governing Documents. The exclusion of an investor from a portfolio investment typically will increase the participation of other investors in such investment. An investor that is excluded from a portfolio investment typically will have a larger proportionate participation (and other investors will have a smaller proportionate participation) in later portfolio investments. Thus, exclusions of investors from one or more portfolio investments may impact the relative returns among the investors due to certain investors having a proportionate participation in particular portfolio investments that is more or less than the percentage of capital commitments represented by such investors.

*Fund Expenses.* The Funds will pay and bear expenses related to their investment activities, which will be substantial and will reduce the actual returns realized by investors on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds in investments). Fund expenses encompass a broad swath of expenses, including recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. Accordingly, the amount of Fund expenses ultimately called or called at any one time may exceed amounts expected or budgeted by Valor and/or investors of the Funds. Such expenses may be borne directly by the Funds or indirectly through reimbursement by portfolio companies and will reduce returns to investors.

From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or a General Partner, Valor and/or other Funds, on the other, and/or whether certain costs and expenses should be allocated between or among the Funds, on the one hand, and other Funds, on the other. Certain expenses may be suitable for only the Funds, a particular parallel vehicle or a participating other Fund and borne only by such Fund, or, as is more often the case, expenses may be allocated *pro rata* among each participating other Fund and the Funds and all parallel vehicles even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. Valor will make such judgments in its good faith discretion, notwithstanding its interest in the outcome, and may make corrective allocations after the fact should it determine that such corrections are necessary or advisable.

*Systems and Operational Risks.* The Funds depend on Valor to develop and implement appropriate systems for their activities. The Funds will rely daily on financial, accounting, and other data processing systems to execute, clear, and settle transactions across numerous and diverse markets and to evaluate certain financial instruments, to monitor their portfolios and capital, and to generate risk management and other reports that are critical to oversight of the Funds' activities. Certain of the Funds' and Valor's activities will be dependent upon systems operated by third parties, and Valor may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by Valor and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated, or accounted for. Disruptions in the Funds' operations may cause the Funds to suffer, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention, or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Funds and the investors' investments therein.

*Cyber Security Breaches and Identity Theft.* Valor, its affiliates, the Funds, their service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. The use of internet- or cloud-based programs, technologies, and data storage applications may heighten these risks. These information and technology systems are subject to a number of different threats or risks that could adversely affect the Funds and its investors, despite the efforts of Valor, its affiliates and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Funds and its investors. For example, these systems are subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Third parties, including activists, criminal, nation-state or terrorist actors, may also attempt to fraudulently induce portfolio companies, employees, customers and/or third-party service providers, or users of Valor's systems to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise inflict harm.

Although Valor will implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, Valor, the Funds, the portfolio companies, and/or a service provider thereof would have to make a significant investment to fix or replace them. The successful penetration or circumvention of the security of these systems, or a failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Valor's, the Funds', and/or a service provider's

operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, and costs associated with system repairs. Such a failure could harm Valor's, the Funds', and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and otherwise affect their business and financial performance.

Similar types of operational and technology risks are also present for the portfolio companies, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

*Withdrawal of the United Kingdom ("UK") from the European Union (the "EU").* The UK formally left the EU on January 31, 2020 at 11:00 pm ("Brexit"), and entered into a transition period that ended on December 31, 2020. On December 20, 2020, the UK government and EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions).

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political, and economic uncertainty generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Valor and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.



*Privacy and Data Protection Law Compliance Risk.* Valor, the Funds, and their portfolio companies are subject to regulations related to privacy, data protection, and information security in the jurisdictions in which they do business (collectively, “Privacy Laws”). As new and existing privacy, data protection, and information security laws are enacted, implemented, interpreted and applied across the relevant jurisdictions, compliance costs may increase and require the dedication of additional time and resources, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

The EU has enacted the General Data Protection Regulation (EU 2016/679) (the “EU GDPR”); and the UK has implemented the Data Protection Act 2018 and the GDPR as it forms part of the laws of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 (the “UK GDPR”), each of which broadly impacts businesses that handle various types of personal data, including private fund managers and their funds and investments.

EU GDPR and UK GDPR impose stringent legal and operational obligations on businesses, as well as the potential for fines, sanctions, or other penalties, which could materially and adversely affect the result of operations and overall business, as well as have an impact on the reputation, of Valor, the General Partners, the Funds, and their portfolio companies. Failure to comply with the EU GDPR or the UK GDPR, depending on the nature and severity of the breach, could attract regulatory penalties of up to the greater of: (i) €20 million in respect of the EU GDPR; and (ii) £17.5 million in respect of the UK GDPR, or, in each case, 4% of an entire group’s total annual worldwide turnover, as well as the possibility of other enforcement actions (such as suspension of processing activities and audits), liabilities from third-party claims and reputational damage. Notably, the EU GDPR and UK GDPR have extra-territorial reach and govern the processing of personal data by businesses with an establishment in the EU and/or the UK (as applicable), as well as those which offer goods or services to EU/UK data subjects or which monitor EU/UK data subjects’ behavior within the EU/UK.

Additionally, as a result of recent case law and regulatory guidance in Europe, organizations with a nexus to the UK and/or the EU will likely need to dedicate compliance costs and resources to implement appropriate legitimizing mechanisms and safeguards (*e.g.*, standard contractual clauses, pseudonymisation techniques, encryption, impact assessments) in respect of transfers of personal data from the EU and the UK to third countries that have not been deemed by the European Commission or the Government of the UK (as applicable) to provide adequate protection for personal data (*e.g.*, the U.S.).

On July 16, 2020, the Court of Justice of the EU (“CJEU”) issued its landmark judgment in *Data Protection Commissioner v Facebook Ireland Limited, Maximillian Schrems* (Case C-311/18) (“*Schrems II*”), which invalidated the EU-US Privacy Shield with immediate effect, while upholding the European Commission’s standard contractual clauses (“SCCs”) for controller-to- processor transfers. While the use of such SCCs was upheld, the CJEU held that compliance with the SCCs must be closely monitored by parties and the data exporter relying on them must perform a case-by-case assessment as to whether the laws of the country of importation of personal data provide adequate protection, as under EU data protection laws. The decision in *Schrems II* is likely to impact Valor’s current and planned business activities which involve transfers of personal data outside of the EEA (both intra-group and to third parties) and will require ongoing monitoring of the latest legal and regulatory developments and as such, may involve compliance costs to address any changes required.

California has passed the California Consumer Privacy Act of 2018, as amended, which went into effect in January 2020 (the “CCPA”). The CCPA generally applies to businesses that collect personal information about California consumers, and either meet certain thresholds with respect to revenue or buying and/or selling consumers’ personal information. The CCPA imposes stringent legal and operational obligations on such businesses as well as certain affiliated entities that share common branding. The CCPA is enforceable by the California Attorney General. Additionally, if unauthorized access, theft, or disclosure of a consumer’s personal information occurs, and the business did not maintain reasonable security practices, consumers could file a civil action (including a class action) without having to prove actual damages. Statutory damages range from \$100 to \$750 per consumer per incident, or actual damages, whichever is greater. The California Attorney General also may impose civil penalties ranging from \$2,500 to \$7,500 per violation.

Other jurisdictions, including other U.S. states, have proposed, adopted, or are considering similar Privacy Laws to the CCPA, EU GDPR and UK GDPR, which could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability on regulated entities.

*Litigation.* In connection with the ordinary course of its business, Valor, the Funds, and their respective affiliates as well as any portfolio companies may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of a Fund and such proceedings (and appeals therefrom) may continue without resolution for long periods of time. In addition, it is by no means unusual for participants in reorganizations to use the threat of, as well as actual, litigation as a negotiating technique. Any litigation may consume substantial amounts of Valor’s time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds and would reduce net assets or could require investors to return distributions to the Funds.

*ERISA; Risks Arising from Provision of Managerial Assistance.* Each General Partner intends to avoid having the assets of its Funds constitute “plan assets” of any plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) and may, in this regard, elect to operate the Fund as a “venture capital operating company” (“VCOC”) within the meaning of the regulations promulgated under ERISA. In addition, the event a Fund is operated so as to qualify as a VCOC, it may be restricted or precluded from making certain investments, and it could be necessary for its General Partner to liquidate investments at a disadvantageous time in order to avoid holding ERISA “plan assets,” resulting in lower proceeds to the Fund than might have been the case without the need to qualify as a VCOC. Operating a Fund as a VCOC would also require that the Fund obtain rights to participate substantially in or influence the conduct of the management of a number of the Fund’s portfolio companies. A Fund may designate a director to serve on the board of directors of one or more of the portfolio companies as to which it obtains such rights. The designation of directors and other measures contemplated could expose the assets of a Fund to claims by a portfolio company, its security holders, and its creditors and have other implications. While each General Partner intends to manage a Fund to minimize exposure to these risks, the possibility of successful claims cannot be precluded. Furthermore, in certain circumstances, a General Partner may allocate certain control or management rights in investments disproportionately among a Fund and its parallel vehicles in light of legal, tax, regulatory, and other considerations.

*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 Board 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.

*Russia-Ukraine Conflict.* The military conflict between Russia and Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict 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 a Fund’s ability to fulfill its investment objectives.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the 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, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “Distress Event”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Valor, any General Partner, 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 Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks 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 Valor to manage the Funds and their investments, and on the ability of Valor, any Fund, or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses, and un consummated 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 a Fund to access capital contributions or otherwise); the inability of a 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 Valor 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 Valor 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 Valor 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 Valor and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Valor seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Valor 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.

*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 Valor 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 Valor 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.

*Secondaries and other General Partner-Led Transactions.* There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and Valor reserves 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 a portion of one or more investments that will continue to be managed by Valor following the transaction. Such transactions are 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 Valor 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 Valor and its affiliates), often on different terms than the original investment. However, certain of such transactions are expected to require: a limited partner to invest additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio company; and/or a delay in the full liquidation of its 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 Valor or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Valor 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, Valor, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent Valor requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Valor in addition to the purchase amount paid in a transaction, 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 Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized 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. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Valor reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. 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 Board prior to the closing of the transaction, there can be no assurance that Valor will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual limited partner or group of limited partners. However, Valor reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Valor is permitted to seek the consent of the relevant Fund Advisory Board to waive 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.

*Regulatory Environment.* The SEC has proposed and enacted significant rules that will impact the business of Valor 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 Valor 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.

## **Conflicts of Interest**

*Portfolio Company Relationships.* From time to time, the Funds' portfolio companies are expected to be counterparties or participants in agreements, transactions, or other arrangements with portfolio companies of other investment funds managed by Valor or other Valor affiliates. From time to time, Valor anticipates certain current or former executives of portfolio companies of one Fund will be the source of an investment opportunity for that Fund or another Fund and will be, or will become, investors in other Fund portfolio companies, whether due to an introduction by Valor or otherwise. Although Valor determines such agreements, transactions, or other arrangements to be consistent with the requirements of such Funds' Governing Documents, such agreements, transactions, or other arrangement may not have otherwise been entered into but for the affiliation with Valor, and may involve fees and/or servicing payments to Valor-affiliated entities that are not subject to the management fee offset (or, in the case of the Opportunity Fund, Fund expense offset) provisions described herein. For example, Valor may, like other private equity firms, in the future cause portfolio companies to enter into agreements regarding group procurement, benefits management, data management and/or mining, technology development, purchase of title and/or other insurance policies (which may be pooled across portfolio companies and discounted due to scale) and other similar operational initiatives that may result in fees, commissions or similar payments and/or discounts being paid to Valor or its affiliates, consultants retained by Valor, or a portfolio company, including related to a portion of the savings achieved by the portfolio company. In addition, portfolio companies of other Valor investment funds may do business with, support, or have other relationships with competitors of the Funds' portfolio companies, and in that regard prospective investors should not assume that a company related to or otherwise affiliated with Valor will only take actions that are beneficial to or not opposed to the interests of the Funds and its portfolio companies. For example,

it is possible that certain portfolio entities of the other Funds or companies in which the other Funds have an interest will compete with the Funds for one or more investment opportunities.

Additionally, Valor is permitted to hold equity or other investments in companies or businesses (even if they are not “affiliates” of Valor) that provide services to or otherwise contract with portfolio companies. In connection with such relationships, Valor also reserves the right to make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Valor that are tied or related to participation by portfolio companies). The Funds and the investors will not share in any fees or economics accruing to Valor as a result of these relationships and/or participation by portfolio companies.

Moreover, in connection with seeking financing or refinancing of portfolio companies and their assets, it may be the case that better financing terms are available when more than one portfolio company provides collateral, particularly in circumstances where the assets of each portfolio company are similar in nature. As such, rather than seeking such financing or refinancing on its own, a portfolio company of the Funds may enter into cross collateralization arrangements with another portfolio company of the Funds or portfolio companies of one or more other Funds. While Valor would expect any such financing arrangements to generally be non-recourse to the Funds and the other Fund, as a result of any cross-collateralization, the Funds could also lose its interests in otherwise performing Investments due to poorly performing or non-performing investments of other Funds.

From time to time, a portfolio company owned by one or more Fund(s) has in the past (and may in the future) acquire, merge with, or otherwise engage in a fundamental transaction with another portfolio company owned by the same or different Funds. Typically, these instances are expected to occur where Valor holds a non-control position in the relevant portfolio companies, and accordingly, is not responsible for making the determination whether to proceed with the proposed transaction. Conflicts of interest among different Funds can arise in these circumstances, and there can be no assurance that the proposed transaction will result in a benefit to the affected portfolio companies or that any resulting advantages ultimately will benefit the relevant Funds in a manner proportionate to their pre-transaction interests.

It is also possible that a counterparty, lender, or other unaffiliated participant in a transaction or relationship with respect to a particular portfolio company requires or desires to finance or contract with a group of portfolio companies, which may result in (i) a portfolio company of one Fund being solely liable with respect to both its own and any other Fund portfolio company’s share of the applicable obligation and therefore, being required to contribute amounts in excess of its *pro rata* share, including additional capital to make up for any shortfall if such other portfolio company is unable or unwilling to repay its *pro rata* share of such indebtedness or other obligations and/or (ii) a portfolio company of a Fund being jointly and severally liable for the full amount of such applicable indebtedness or other obligation or liable on a cross-collateralized basis on an investment-by-investment or portfolio wide basis, in each case which may result in a portfolio company entering into a back-to-back or other similar reimbursement agreement with another portfolio company.

*Service Providers and Other Counterparties.* The service providers, counterparties, or their affiliates (including any administrators, lenders, brokers, attorneys, EIRs, consultants, and investment banking firms) of the Funds, Valor, or any of their affiliates are permitted to be investors in the Funds and/or sources of investment opportunities and co-investors or counterparties therein. Additionally, certain employees of Valor may have family members or relatives employed by such advisors and service providers. Such arrangements have the potential to influence Valor in deciding whether to select such

a service provider or have other relationships with Valor. Notwithstanding the foregoing, investment transactions for the Funds that require the use of a service provider will generally be allocated to service providers on the basis of Valor's assessment of their capabilities, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that Valor believes to be of benefit to the Funds.

Valor, the Funds, and the portfolio companies are permitted to engage common service providers from time to time. In such circumstances, there will be a potential conflict of interest between Valor, 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 Valor 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. In certain circumstances, advisors and service providers, or their affiliates, charge different rates or have different arrangements for services provided to Valor or its affiliates as compared to services provided to the Funds and/or the portfolio companies, which result in Valor or its affiliates receiving more favorable rates or arrangements with respect to services provided to it by a common service provider than those payable by the Funds and/or the portfolio companies, or Valor or its affiliates receiving a discount on services even through the Funds and/or the portfolio companies receive a lesser, or no discount. Valor, its affiliates, the Funds, the other Funds and/or their portfolio companies are permitted to enter into agreements or other arrangements with service providers, vendors, and other similar counterparties (whether such counterparties are affiliated or unaffiliated with Valor) from time to time whereby such counterparty may charge lower rates and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including, without limitation, volume of transactions entered into and potential transactions to be entered into with such counterparty by Valor, its affiliates, the Funds, the other Funds, and/or their portfolio companies in the aggregate. Additionally, Funds, their portfolio companies, and/or Valor itself will from time to time engage investment banks or other similar financial advisors in connection with specific projects. In most cases, the costs and expenses of these third parties will be borne (directly or indirectly) by the Funds and investors (and not Valor). However, one of the tangible and/or intangible benefits from these relationships includes general referral of investment opportunities, which opportunities may inure to the benefit of other Funds and/or Valor (and not necessarily the parties bearing the cost of the particular engagement that created, enhanced or supported the underlying relationship that came to produce such opportunities in the first place).

In connection with its services to the Funds and their investments, Valor, its affiliates and personnel expect to receive certain tangible and intangible benefits arising from or resulting from their activities on behalf of the Funds which will not be subject to offset or otherwise shared with the Funds, their investors, or the portfolio companies. For example, in the course of Valor's operations, including research, due diligence, investment monitoring, operational improvements, and investment activities, Valor and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors, and other metrics (collectively, "Valor Information"). In many cases, Valor Information will include tools, procedures and resources developed by Valor to organize or systematize Valor Information for ongoing or future use. Although Valor expects its Funds and their portfolio companies generally to benefit from Valor's possession of Valor Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which Valor Information was originally received or derived. Valor Information will be the sole intellectual property of Valor and solely for the use of



Valor. Valor reserves the right to use, share, license, sell or monetize Valor Information, without offset to management fees (or, in the case of the Opportunity Fund, Fund expenses), and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization.

*Scale Group Services; Insourced Data, Research and Administrative Services.* As noted earlier herein, Valor expects to provide Scale Group Services to certain portfolio companies of the Funds. In some cases, Scale Group Services may have been completed prior to a Fund's investment in such portfolio company (e.g., at a time when one Growth Fund, but not the Opportunity Fund or another Growth Fund, was an investor). Pursuant to the Governing Documents, compensation, and reimbursement of certain expenses associated with the Scale Group Services may be paid by applicable portfolio companies or prospective portfolio companies, or directly by a Fund. Valor generally invoices the relevant portfolio company for Scale Group Services at an agreed upon daily rate plus a per diem allowance for travel, lodging, and daily expenses. The daily rate is determined by Valor and is intended to be comparable to, or less than, what an external third party consultant would charge for similar operational consulting services. Valor's determination of third-party comparable fees is based on its subjective understanding obtained through its own hiring of third-party consultants and other limited market information, and is not based on any comprehensive or formal evaluation that is updated on a regular basis. Accordingly, although Valor seeks to utilize Scale Group Services in a manner that it believes provides a level of service generally consistent with other relevant market alternatives, Valor undertakes no minimum amount of benchmarking, does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate, and provides no assurances that amounts charged for the relevant services ultimately will match then-current market rates or that other service providers could not provide similar services at a lesser cost to the relevant Fund. Where such rates or terms include hourly components, Valor 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. Each month, Scale Group personnel generally create time sheets, which are reviewed by Valor's finance department and an appropriate partner working with the relevant portfolio company, before being approved for billing. The monthly invoice is prepared, reviewed, and approved by Valor's finance department and sent to the relevant portfolio company, which in turn pays the invoiced amounts to Valor. In the event that collections for Scale Group Services ultimately are greater than the cost of the Scale Group Services, any profit will be rebated back to the appropriate Valor Fund(s). To date, Valor has not realized any profit on providing Scale Group Services to portfolio companies (when determined by netting out the internal Valor costs for salary and other items of overhead for the personnel who provide Scale Group Services). For the avoidance of doubt, Scale Group Services fees and expenses charged to such portfolio companies will not result in a reduction in any management fees. In addition, subject to limitations set forth in the Governing Documents, to the extent such amounts are not reimbursed by such portfolio company, Valor shall have the right to be reimbursed from the relevant Fund. The Funds effectively will bear, directly or indirectly, its share of Valor's costs and expenses associated with the provision of Scale Group Services.

To the extent that certain Valor persons provide tax reporting, finance, administration and/or similar services to one or more Funds, the costs (including employee salaries, benefits and other employment-related costs) related to the provision of such services by Valor persons may be paid by a Fund to the extent the costs of providing such services would have been Fund expenses if they had been provided by a third party and to the extent permitted by a Fund's Governing Documents. Furthermore, the costs of certain Valor persons (including employee salaries, benefits and other

employment-related costs) providing data analysis, software development, research, and related services may also be charged to a Fund, subject to the terms of applicable Governing Documents. Valor anticipates that a methodology that is similar to the methodology selected to allocate the costs of the Scale Group Services to a Fund will be applied to determine the allocation of the costs of these services to a Fund (See Item 5 and applicable Governing Documents for additional information).

*Positions with Portfolio Companies.* Certain partners, employees, and members of a General Partner and its affiliates serve as directors (or in a similar capacity) of portfolio companies. Positions on boards of directors or advisors of such portfolio companies often provide such persons with voting rights, access to information, and potentially the ability to influence the operations and decision-making of such portfolio companies that are not necessarily available to other investors. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately a Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability, and a Fund may be required to indemnify its representatives (and potentially other officers or directors) in such situations. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities. Where one Fund has appointed a director for a portfolio company, another Fund that invests in the portfolio company may nevertheless have exposure to shared indemnification obligations. While conflicts of interest may arise in the event that such person's fiduciary duties as a director conflict with those of the Funds, it is expected that the interests will mostly be aligned.

Additionally, such persons will be required to remit to Valor any remuneration they receive as directors on behalf of Valor. Such remuneration will then be subject to any applicable sharing or offset arrangements. A Valor person providing Scale Group Services may serve as a director of a portfolio company, and in such case it is expected that his/her remuneration will not be remitted to Valor nor offset (even if any such payment reduces or is credited against any retainer or other payments that would otherwise be paid or borne by Valor). In addition, employees of Valor may leave the employment of a General Partner or its affiliates to become an officer or employee of a portfolio company (including a former portfolio company that has been disposed of). At such time, any remuneration received by such persons, including for any board service, will no longer be remitted to Valor nor will it be subject to the offset arrangements. Likewise, other consultants, including certain strategic advisors and EIRs, retained by Valor may serve as directors, officers, or employees of a portfolio company (including a former portfolio company that has been disposed of), and any remuneration paid to such persons will not be remitted to Valor or reduce or offset any management fees (or Fund expenses in the case of the Opportunity Fund).

In addition, from time to time, certain partners, employees and members of Valor will serve in bona fide management capacities (or other operational capacities involving a material portion of such person's business time) at portfolio companies. In such cases, the Advisor will not offset compensation directly or indirectly received by such partners, employees, or members pursuant to the relevant Governing Document.

*Advisory Board.* Each Main Fund will establish an Advisory Board, consisting of representatives of investors. A potential conflict of interest exists because some, but not all, investors are permitted to designate a member to the Advisory Board and Advisory Board members do not have fiduciary duties to a Fund and generally act in their own self-interest which may differ from or be adverse to the interests of other investors. Valor may also consult with an Advisory Board as to certain potential

conflicts of interest, and if a General Partner has its proposed resolution of a conflict approved by the Advisory Board, investors may not be able to challenge such resolution. This outcome could be disadvantageous to the investors, including those investors who do not designate a member to the Advisory Board. The Governing Documents generally provide that if the Fund has an Advisory Board, to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary or other duties to the Fund or any other investor, other than to act in good faith. In addition, Advisory Board members are permitted to have various business and other relationships with Valor, its affiliates, the Funds, and Fund portfolio companies, as well as with competitors to Valor, its Funds, and their portfolio companies. These relationships may influence their decisions as Advisory Board members. In addition, there may be substantial overlap among Advisory Boards which could lead to conflicts of interest if there are transactions between such Funds that require Advisory Board approval.

*Conflicting Fiduciary Duties to Other Funds.* Valor may structure an investment as a result of which one or more vehicles or other collective investment vehicles or accounts primarily investing in senior secured loans, distressed debt, subordinated debt, high-yield securities, and other similar debt instruments are offered the opportunity to participate in the debt tranche of an investment allocated to the Funds. Additionally, the Funds are generally permitted to purchase investments in which another Fund or account already has or is acquiring an interest, or otherwise another Fund or account may purchase an investment in a portfolio company of the Funds, and is permitted to do so at different points in time and at different prices. As investment adviser to both the Funds and the other Funds or accounts, Valor would owe a fiduciary duty to the other Funds or accounts as well as to the Funds. If the other Funds or accounts were to purchase high yield securities or other debt instruments of a portfolio company, or if the Funds were to acquire an equity interest in a portfolio company in which the other Funds or accounts then holds or is acquiring an interest in the debt of such portfolio company or a different type of equity interest, Valor expects, in certain instances, to face a potential conflict of interest in respect of decisions made with regard to the other Funds or accounts and the Funds (*e.g.*, with respect to the terms of such high-yield securities or other debt instruments, exit opportunity timing and pricing, the enforcement of covenants, the terms of recapitalizations, and the resolution of workouts or bankruptcies).

*Investments in Which Other Valor Funds Have a Different Principal Investment.* A Fund typically is permitted to, and in the case of the Opportunity Fund is expected to, co-invest with other Funds (including co-investment or other vehicles in which Valor or its personnel invest and that co-invest with such other Funds) or accounts in investments that are suitable for more than one Fund or account. To the extent a Fund holds or acquires securities or instruments that are different (including with respect to their relative seniority) than those held or acquired by one or more other Funds, Valor and its affiliates may be presented with decisions when the interests of the two funds are in conflict. In that regard, actions may be taken for one or more Funds that are adverse to other Funds. In addition, it is possible that in a bankruptcy proceeding a Fund's interest may be subordinated or otherwise adversely affected by virtue of another Fund's involvement and actions relating to its investment. In connection with negotiating senior loans and bank financings in respect of Valor-sponsored private equity transactions, Valor may obtain the right to participate on its own behalf (or on behalf of vehicles or accounts that it manages) in a portion of the senior term financings with respect to such Valor-sponsored private equity transactions on an agreed upon set of terms. Where multiple Funds invest in the same company, Valor allocates expenses to the participating Funds in its good faith discretion. If multiple Funds invest in the same company at different times, the aggregate expenses borne by each Fund in connection with an investment in the same company will likely differ and will not necessarily be proportional to the size of each Fund's investment holdings in the company due to

a variety of factors, including the timing and level of diligence undertaken and transaction fees, costs and expenses incurred in connection with each investment (which, in each case, depending on the circumstances of an opportunity, can be greater for a later and/or more substantial investment).

*Fund Borrowing Arrangements.* In borrowing on behalf of a Fund, Valor is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the management fee is calculated as a percentage of invested capital, a limited partner may pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Although Valor generally structures Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund of any Valor affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such case, Valor intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or a Valor affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or a Valor affiliate, whether or not related to the Fund in which such limited partners have invested.

*Venture Capital Investing by Valor Team.* As mentioned in Item 4 above, many of the Valor team members, as well as their family, affiliates, and related vehicles/accounts, make personal venture capital investments outside and away from the Funds and through Valor VC. Such principal investing has historically been undertaken primarily through Valor VC. Investments in Valor VC are primarily early-stage, smaller capitalized investments that are determined by Valor at the time of initial investment as generally not appropriate for an investment by the other Funds. Investors in Valor VC are comprised predominantly of Valor principals and employees. The existence and operation of Valor VC and any personal venture capital investing of the Valor team are activities separate and distinct from the investment activity of any other Fund, are not for the benefit of other Funds or their investors, and the other Funds and their investors do not participate in or share in any investment proceeds from Valor VC or any member of the Valor team's personal investment activity. While it is

possible that third parties, including investors in other Funds, selected by Valor in its discretion will participate in venture capital investments through or alongside Valor VC (as has been the case in limited circumstances in the past), there can be no assurance any such opportunities will be offered to Fund investors. Such activities require time and attention that, while Valor does not expect them to interfere in any material respect with the Funds, may otherwise have been devoted to the Funds. To the extent any company in which Valor VC or a Valor person has invested matures to the point that it would otherwise satisfy the criteria for another Fund (e.g., from the “venture capital” phase to the Growth Company stage), Valor reserves the right to cause other Funds to avoid investing in such company to avoid potential conflicts of interest. Alternatively, Valor reserves the right to determine that it is appropriate for one or more other Funds to seek to invest in such company, in which such case such potential conflict of interest will be addressed by Valor as permitted by the Governing Documents. If one or more Funds invests, future potential conflicts, including the ability of Valor VC or other Valor person to make new or additional investments in or to dispose of investments in such companies, will likewise be addressed as permitted by any applicable Governing Documents and Valor policies. Certain Growth Fund Governing Documents generally require disclosure to the relevant Fund Advisory Board on an annual basis regarding the venture capital investments made by the Valor team through Valor VC or outside of the Funds to the extent the Valor team believes it might want the Fund to invest in the applicable company in the future.

*Other Trading, Investing, and/or Portfolio Company Activities.* Certain Funds or accounts, including vehicles that invest for Valor personnel and family, reserve the right to invest in securities or instruments of venture capital companies (as noted elsewhere herein), publicly traded companies or private companies, including those that are actual or potential portfolio companies. The investing and trading activities of those vehicles may differ from or be inconsistent with activities that are undertaken for the account of a Fund in such securities or related securities. In addition, a Fund may not pursue an investment in a potential or actual portfolio company as a result of such investing or trading activities by other Funds or accounts. Additionally, if Valor personnel serve on the boards of directors (or other similar committees or bodies) of a Fund portfolio company, then such Valor personnel will have fiduciary duties or other similar obligations to such portfolio company and/or its other constituents. While Valor personnel would generally assume such positions in order to promote the interests of a Fund, Valor may not be able to put the interests of a Fund ahead of the interests of such portfolio company or its constituents and/or it is possible that Valor will be unable to take certain actions in respect of a Fund that it otherwise would have taken had such personnel not served in any such capacities. In certain cases, such as where a portfolio company engaged in an operating business is contemplating a strategic transaction, a Fund or Valor may come into possession of material, non-public information or otherwise become bound by confidentiality, standstill, or other obligations. As a result, the activities of and information within a portfolio company may result in a Fund being required to forego certain investment or divestment activity and may otherwise restrict the ability of a Fund to engage in certain activities that would not be prohibited but for such relationships.

Valor employees are generally permitted to invest in alternative investment funds, real estate funds, hedge funds, digital assets funds, digital assets, or other investment vehicles, including potential competitors of a Fund and may trade in securities for their own accounts, subject to Valor’s compliance policies and procedures, including its Code of Ethics described in Item 11, and restrictions and reporting requirements as may be required by law or otherwise determined from time to time by Valor. Consultants, including certain EIRs, retained generally have fewer trading restrictions than Valor employees. Investors will not receive any benefit from any such investments.

In addition, other present and future activities of Valor and its affiliates will from time to time give rise to additional conflicts of interest relating to the Funds and their investment activities. In the event that any such conflict of interest arises, Valor will attempt to resolve such conflicts in a manner it believes is fair and equitable to the Funds under the circumstances over time. Investors should be aware that conflicts will not necessarily be resolved in favor of a given Fund's interests.

*Other Collective Investment Vehicles; Allocation of Investment Opportunities.* Valor and its affiliates expect, from time to time, to be presented with investment opportunities that fall within the investment objective of the Main Funds and another Fund or account now existing or to be formed in accordance with the Governing Document. Situations where an investment is permitted to be shared or allocated away from the Funds can also arise as a result of the fact that Valor and its affiliates have the ability to form, sponsor, and/or manage other funds or pooled investment vehicles that are not a successor fund, and such other Fund, at times, are expected to have priority over another Fund with respect to allocations of investment opportunities that fall within such funds' investment criteria. Such investment funds may be ancillary or accretive to, or otherwise supplement, a Fund's investment program, including, without limitation, the establishment of securitized vehicles or trading vehicles. Such permitted vehicles include, without limitation, (i) debt and/or mezzanine funds, (ii) hedge funds or other vehicles or accounts focusing on non-controlling investments, including in liquid securities or instruments, (iii) any successor funds to existing Funds and any other Fund that does not have investment objectives, strategy and scope substantially the same as the Fund in question, (iv) funds or accounts focusing on open market purchases of investments or minority-interests, (v) real estate funds or accounts (whether focusing on equity or debt related to real estate), (vi) infrastructure funds or other vehicles focusing on lower-return or longer-term investments, (vii) any publicly listed fund, (viii) funds-of-funds or other arrangements designed to invest in or alongside multiple Funds or accounts, and (ix) funds or accounts focusing on investments that are, with respect to a given Fund, precluded or limited pursuant to the terms of its Governing Documents or applicable legal, tax, regulatory, accounting, or other similar considerations (including digital assets funds). In the event Funds hold different securities or instruments (including with respect to their relative seniority, and whether such securities or instruments are purchased contemporaneously or otherwise), Valor and its affiliates may be presented with decisions when the interests of the Funds are in conflict.

Valor will generally allocate such opportunities that are otherwise required to be presented to the Funds pursuant to the Governing Document among the Funds (e.g., the VSV Funds' Governing Documents provide that up to 50% of certain investment opportunities will be offered to the Growth Funds) and such other Fund or account on a basis that it reasonably determines in good faith to be fair and reasonable taking into account the sourcing of the transaction, the nature of the investment focus of each such other Fund, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals, any requirements contained in the Governing Documents of such other funds, and other considerations deemed relevant by Valor in good faith. Valor reserves the right to develop and update policies and methodologies that govern the allocation of investment opportunities. The application of those guidelines is expected to result in the Funds not participating (and/or not participating to the same extent) in certain investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such guidelines and/or based only on the circumstances of those particular investments.

In the case of the Opportunity Fund, it has a broad investment mandate that overlaps with other Fund investment strategies, particularly the Growth Funds, and a significant component of the Opportunity Fund's investment opportunities are expected to be composed of co-investments, follow-on

investments, participation in subsequent financing rounds or capital raising transactions with respect to portfolio companies in which another Fund is making or has already made an investment. Whereas, with respect to other Funds, Valor (or an affiliate) typically is subject to an obligation to present appropriate opportunities to such Fund, under the Governing Documents, the Opportunity Fund General Partner generally will not have an obligation to present any specific investment opportunities to the Opportunity Fund, and it is expected that allocations will be made to the Opportunity Fund only after any other applicable Fund(s) (*i.e.*, with respect to which an opportunity is within the investment objective of such other Fund) has received any allocation that is determined by Valor in its sole discretion. Accordingly, the Opportunity Fund is not expected to participate in each investment opportunity in which another Fund participates, even if such opportunity otherwise falls within the Opportunity Fund's investment mandate. Instead, as the Opportunity Fund is being formed to take advantage of certain opportunistic investments, the Opportunity Fund typically will participate only in those investment opportunities representing privately-negotiated equity, equity-related and/or equity-linked, control and/or non-control, investments in growth or buy-out stage companies located in the U.S. and Canada, that are existing or new portfolio companies of other Funds and where Valor determines there is capacity in excess of that appropriate for another Fund and/or there is no other appropriate Fund to participate in such opportunity, given the available capital and portfolio construction objectives of such other Fund(s).

As a result of the foregoing, the Funds may not participate (and/or not participate to the same extent) in certain investment opportunities in which they would have otherwise participated had the related allocations been determined without regard to such methodology and/or based only on the circumstances of those particular investments. In addition, allocation of such opportunities by Valor requires it to make subjective judgments regarding application of the above guidelines. Any such judgments and application involve inherent conflicts and risks that assumptions regarding investment opportunities will not ultimately prove correct. For example, debt investments that were determined to have expected equity-like returns may ultimately produce returns that are more consistent with a debt fund with lower-return objectives (and vice-versa). As such, there can be no assurance that the subjective judgments made by Valor will prove correct in hindsight. Furthermore, certain of such other Funds may also receive priority with respect to Valor's ability to allocate investment opportunities, including where such opportunities are within the common objectives and guidelines of the Funds and another Fund (which allocations are to be made on a basis that the General Partner believes in good faith to be fair and reasonable). For example, in the case of the Opportunity Fund, investment priority may be given to a new or existing co-investment fund based on an industry segment for investment opportunities within that segment notwithstanding that such investment opportunities may also meet the Opportunity Fund's investment criteria. Valor reserves the right, in its discretion, to provide or commit to provide co-investment opportunities to one or more current or prospective limited partners and/or other persons, including EIRs, consultants retained by Valor and current or former portfolio company executives, in each case on terms to be determined by Valor in its discretion. With respect to co-investments by EIRs, consultants and/or portfolio company executives, Valor reserves the right in its sole discretion to structure any such co-investment contribution as a loan from Valor to such an individual. Conflicts of interest have the potential to arise in connection with the allocation of co-investment opportunities. The allocation of co-investment opportunities, which are permitted to be made to one or more persons for any number of reasons as determined by Valor in its discretion, may not be in the best interests or any individual limited partner. There is no guarantee for any investor that it will be offered any co-investment opportunities. As a general matter, the allocation of co-investment opportunities is discretionary, and it is expected that many investors who may have expressed an interest in co-investment opportunities may not be allocated any co-investment opportunities or may receive a smaller amount

of co-investment opportunities than the amount requested. In addition, to the extent Valor agrees that co-investment opportunities offered to an investor be subject to certain conditions (*e.g.*, being free of carried interest or management fees), such co-investment opportunities may be directed away from such investors to other investors (who may or may not be existing Valor investors) as to which such conditions may not apply. Under its related policies and procedures, in determining whether and to what extent an eligible co-investor should be offered or permitted to participate in a co-investment opportunity, a General Partner will take into account various factors relating to potential co-investors. Such factors are likely to include, among others, (i) the ability and expected interest of the prospective investor to participate in the applicable investment and meet the desired due diligence, approval and funding timetable; (ii) Valor's prior experience with the prospective investor, including as a Fund investor and in prior co-investments, as well as the prospective investor's general reputation and experience as a co-investor; (iii) Valor's anticipated alignment of interest with the prospective investor, including with respect to investment objectives, exit timing, degree of involvement in oversight, risk appetite, and interest and ability to fund anticipated follow-on investments; (iv) any expertise or experience of the prospective investor that is relevant to or otherwise of strategic or other value to Valor, the Funds or the particular investment; (v) any anticipated legal or regulatory complications involving the prospective investor; (vi) Valor's expectations regarding the portfolio company's and any other investor's view of the prospective investor's participation in the co-investment; (vii) the degree to which the prospective co-investor has committed to and been supportive of the existing Funds, and Valor's expectations regarding the prospective co-investor's participation in and support of future Funds; and (viii) whether the prospective co-investor is willing to bear a carried interest and/or a management fee and in what amounts. Participation in co-investments or a co-investment transaction will be at the sole discretion of Valor, and Valor reserves the right to offer any or all of such co-investment participation to investors that are not limited partners of a Fund. In addition, Valor reserves the right to agree with investors in the Funds or as a part of an overall strategic relationship with Valor to more favorable rights with respect to co-investment opportunities, and to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to limited partners. Additionally, Valor has formed (*e.g.*, the Opportunity Fund), and may in the future form, Funds that are designed to invest primarily in other Funds' portfolio companies, which practice is expected to limit co-investment opportunities available to investors or compared to what might be available to them if there were no such Funds. From time to time, certain service providers (*e.g.*, lenders, law firms, investment bankers, or strategic consultants) seek to negotiate co-investment opportunities, including as a component of their compensation or in exchange for granting better terms to Valor, a Fund or portfolio company in connection with the services provided. To the extent Valor acknowledges an investor's general interest in participating in co-investments, Valor will not be required to actually present any co-investment to such investor. In certain circumstances, where the co-investor is providing strategic or other services to the applicable portfolio company or Fund, the co-investment may reduce the amount that otherwise may have been invested by the relevant Fund.

Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Valor expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to management fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Governing Documents and (iii) co-investors' proportionate share of a particular investment typically is not subject to the management fee offset provisions of a Fund's Governing



Documents. Such incentives will from time to time give rise to conflicts of interest, and there can be no assurance that any investment opportunities that would have otherwise been offered to the Funds will be made available to the Funds. Co-investments may be offered by a General Partner on such terms and conditions (including with respect to management fees, carried interest and related arrangements) as the General Partner determines in its discretion on a case-by-case basis. To the extent a General Partner determines that it will charge co-investors a management fee and/or carried interest in connection with participating in co-investment opportunities, investors may need to waive any otherwise existing rights to not pay such a management fee and/or carried interest on co-investments as a condition to participate in such co-investment opportunities. In connection with any such co-investment by third-party co-investors, Valor may establish one or more investment vehicles managed or advised by Valor to facilitate such co-investors' investment alongside one or more Fund transactions.

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.

The timing of a Co-Investment Fund's or co-investor's acquisition or disposition of investments in a portfolio company varies depending on the facts-and-circumstances of the transaction. Many are at the same time and on substantially the same terms as the Funds making the investment. However, from time to time, for strategic and other reasons, some Co-Investment Funds or co-investors are expected to purchase their interests at different times and/or on different terms than another Fund and/or to purchase a portion of an investment from another Fund after such Fund has consummated its investment in the portfolio company.

There may be circumstances, including in the case where there is a seller who is seeking to dispose of a pool or combination of assets, properties, securities, or instruments, where more than one Fund participates in a single or series of related transactions with a particular seller where certain of such assets, properties, securities, or instruments are specifically allocated (in whole or in part) among such Funds. The allocation of such specific items generally would be based on Valor's determination of, among other things, the expected returns for such items (*e.g.*, specific items with lower expected returns may be allocated to one Fund whereas those with higher relative expected returns may be allocated to another Fund), and in any such case the combined purchase price paid to a seller would be allocated among the multiple assets, properties, securities or instruments based on a determination by the seller, by a third-party valuation firm, and/or by Valor and its affiliates. The same and converse

may be true where a purchaser is seeking to purchase in one transaction multiple investments that are owned by the Funds.

*In-Kind Distributions.* A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities as of the date of such distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, a General Partner and its beneficial owners may intend to hold the investment for a different time period than Valor deems suitable for the relevant Fund. Although a General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the relevant Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of a General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated, or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the relevant Fund or its limited partners.

*Allocation of Personnel.* Valor and its affiliates will devote such time as necessary to conduct the business and operational affairs of the Funds in an appropriate manner and as provided by the Governing Documents. Valor personnel are generally permitted to work on other projects, including other Funds, SPACs, and vehicles and/or accounts as provided in the relevant Governing Document. Such personnel are also permitted to serve as members of the boards of directors of various entities other than portfolio companies. Conflicts may arise as a result of such other activities. The possibility exists that such entities could engage in transactions that would be suitable for the Funds, but in which the Funds might be unable to invest. In addition, from time to time, Valor personnel are expected to provide non-investment support services for certain Valor affiliates, including VSQM (as defined herein).

Except to the extent prohibited by the Governing Documents, Valor and its personnel are permitted to market, organize, sponsor, or act in other capacities (including as director, founder, or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity, or similar interests) relating thereto.

*Material, Non-Public Information.* By reason of their responsibilities in connection with their permitted other activities, Valor and its affiliates, as well as persons working on its behalf such as consultants, from time to time acquire confidential or material non-public information and may therefore be restricted from initiating transactions in certain securities on behalf of the Funds. It should also be noted that if a portfolio company acquires confidential or material, non-public information and is therefore restricted from initiating transactions in certain securities, then another Fund may also be restricted. Disclosure of such information to Valor's personnel responsible for the affairs of the Funds will be on a need-to-know basis only, and the Funds may not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Conversely, a Fund may not have access to material, non-public information in the

possession of Valor that might be relevant to an investment decision to be made by such Fund, and the Fund may initiate a transaction or sell a portfolio investment, which, if such information had been known to it, may not have been undertaken.

*Diverse Investor Group.* The investors are expected to be based in a wide variety of jurisdictions and take a wide variety of forms. The investors may have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors may relate or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by Valor, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, Valor will consider the investment and tax objectives of a Fund and its investors as a whole, not the investment, tax, or other objectives of any investor individually. As a consequence of the foregoing, Valor may elect to exclude certain investors from particular investments for legal or regulatory reasons applicable to any such investment, in which case non-excluded investors shall be allocated a greater proportionate interest in such investment.

In addition, certain investors will likely be investors in other Funds. Investors may also include affiliates of Valor, such as other Funds, charities or foundations associated with Valor personnel and/or current or former Valor employees, Valor's strategic advisors, founders, executives or other employees of current, former, or prospective portfolio companies of one or more Funds, EIRs, or consultants retained by Valor and any such affiliates, funds or persons may also invest through co-investment vehicles. It is also possible that the Funds or the Funds' portfolio companies may be counterparties or participants in agreements, transactions, or other arrangements with an investor or an affiliate of an investor. Such investors described in the previous sentences will therefore have different information about Valor and the Funds than investors not similarly positioned. Prospective investors should note that, to the extent members of an Advisory Board or limited partners in a Fund vote on any matter regarding conflicts (including conflicts between multiple Funds) or otherwise participate in matters involving a vote or action thereby, any such limited partner could have an interest in multiple Funds and, as a result, may not be motivated to vote solely in accordance with its interests related to such Fund. Additionally, not all investors monitor their investments in vehicles such as the Funds in the same manner. For example, certain investors may periodically request from Valor information regarding the Funds and investments and/or portfolio companies that is not otherwise set forth in (or has yet to be set forth) in the reporting and other information required to be delivered to all investors.

In such circumstances, Valor may provide such information to such investor, but just because it has provided such information upon request by one or more investors does not mean Valor will be obligated to affirmatively provide such information to all investors (although Valor will generally provide the same information upon request and treat investors equally in that regard). As a result, certain investors may have more information about the Funds than other investors, and Valor will have no duty to ensure all investors seek, obtain, or process the same information regarding the Funds and its investments and/or portfolio companies.

For information regarding the types of securities and portfolio companies in which Funds invest and the risks associated therewith, please see Item 4.B and Item 8.A, above. Please see 8.B above for risks posed by investing in such securities.

## **Item 9 - Disciplinary Information**

No events have occurred at Valor that are applicable to this Item.

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

Neither Valor nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. Similarly, neither Valor nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing. V-Square Quantitative Management LLC (“VSQM”), a separately registered investment adviser affiliated with Valor, is a quantitative asset manager that focuses on constructing client portfolios that integrate environmental, social and governance variables, alongside other considerations. In addition, related persons and affiliates of Valor historically have engaged, and expect to continue to engage, in certain other investment businesses, including making investments in or providing services with respect to non-securities related real estate-related assets and ventures (and expect in some cases to continue making such investments and providing such services), separate from and outside of Valor’s advisory business. The activities of these affiliates are separate from Valor. Certain Valor personnel are involved in the governance, but not the day-to-day operation or advisory services, of these affiliates and provide non-investment support services to them.

Valor has made certain regulatory filings with European and other regulators as part of the Funds’ compliance efforts with the European Union Alternative Investment Fund Managers Directive and similar laws in other jurisdictions. In addition, Valor V Feeder and Valor VI Feeder are registered with the Cayman Islands Monetary Authority. As described above in Item 4, Valor is affiliated with Fund IV Advisor, a relying adviser that has made certain regulatory filings with European regulators as part of Fund IV’s compliance efforts with the European Union Alternative Investment Fund Managers Directive, and the General Partners (see Schedule D, Item 7.A of Form ADV, Part 1 for names of the General Partners) which are deemed registered with the SEC under the Advisers Act pursuant to Valor’s registration. Valor provides personnel and other services to the General Partners and other affiliated entities. These affiliated investment advisers operate as a single advisory business together with Valor and serve as general partners, managers, or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants, or persons occupying similar positions.

As mentioned in Item 4 above, Valor also manages Valor VC, which makes VC Investments. Investors in Valor VC are comprised predominantly of Valor principals and employees. This entity is disclosed in Valor’s recent Fund offering documents and its investments are also regularly reported to the Main Fund Advisory Boards that require such reporting.

Valor has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or their investors.

Valor has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, investment banking, tax preparation, insurance

brokerage, and other personal services. Some of these professionals may provide services to or invest in the Funds or their portfolio companies.

From time to time, Valor receives training, information, promotional material, meals or gifts from vendors and others with whom it may do business or to whom it may make referrals. At no time will Valor accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product, or provider. Valor does not recommend or select other investment advisers for the Funds.

#### **Item 11 - Code of Ethics, Interest in Client Transactions and Personal Trading Code of Ethics**

Pursuant to Rule 204A-1 of the Advisers Act, Valor has adopted a written code of ethics (“Code of Ethics” or the “Code”) that sets forth standards of conduct expected of supervised persons and addresses conflicts that can arise from personal trading. The Code of Ethics requires each supervised person to place Fund interests ahead of Valor’s interests, to avoid taking advantage of his or her position, and to maintain full compliance with the federal securities laws. At least once a year, each Valor employee is required to acknowledge the Code of Ethics in writing and agree to be bound by it. Employees of Valor who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension, or dismissal. Employees are also required to promptly report any violations of the Code of which they become aware. Valor will provide a copy of its Code to any existing or prospective investor upon request to its Chief Compliance Officer at (312) 683-1900.

#### **Interest in Client Transactions**

Principals and employees of Valor and its affiliates directly or indirectly own interests in certain Funds or other investments, including in issuers or affiliates owned by a Fund in instances permitted under the applicable Fund’s Governing Documents, and may trade in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions may require the consent of the applicable Fund under a Fund’s Governing Documents or applicable law.

It is Valor’s policy that it will not effect any principal or agency cross securities transactions for client accounts without first obtaining any necessary consents (*e.g.*, approval of the relevant Fund Advisory Board or Fund investors for principal transactions). Principal transactions are generally defined as transactions where an adviser and/or its principals, acting as principal buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund with a control level of ownership by Valor principals/employees and another client account.

#### **Conflicts of Interest**

Each Fund’s Governing Documents discuss what Valor believes to be the most significant conflicts of interest associated with an investment in such Fund. Some of these conflicts are summarized below. This summary, however, does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. Investors should carefully consider the conflicts of interest herein as well as those in the Governing Documents prior to investing in a Fund. In addition, given the long-term life of the Funds, conflicts of interest may arise during the life of a Fund as Valor’s business evolves (*e.g.*, with respect to new personnel, portfolio companies, Funds, or other relationships). Valor will consult with applicable Fund Advisory Boards or Fund investors with respect to such conflicts to the

extent required by the applicable Fund Governing Documents or as Valor otherwise believes necessary or advisable.

Valor devotes such time, personnel and internal resources as it believes are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the event that Valor or its affiliates determine they have an actual conflict of interest in connection with a Fund or portfolio company, Valor may take such actions as it believes is necessary or appropriate to ameliorate the conflict, including taking or refraining from taking any action as required by the Governing Documents of the applicable Fund(s) or as it believes necessary or appropriate, disposing of the asset giving rise to the conflict, bringing the matter before the Advisory Board of the applicable Fund(s), appointing an independent fiduciary, or obtaining advice from outside counsel or other experts. There can be no assurance that all conflicts of interest will be successfully resolved.

### **Personal Trading**

In rare cases, Valor's business may provide Valor and its employees with access to material, non-public ("insider") information. Valor's Code includes a prohibition on insider trading and outlines strict policies that dictate the treatment of such information. Valor's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material, non-public information regarding the securities or communicating material, non-public information to others (except under limited circumstances such as for legal and compliance reasons). Issuers about which Valor may have material, non-public information are placed on Valor's restricted list. Supervised persons must pre-clear certain personal securities transactions, including acquisitions of interests in initial public offerings and certain limited offerings and transactions involving restricted list securities. In addition, as required by the Advisers Act, supervised persons are required to submit reports of security holdings and transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.

By reason of their responsibilities with Valor or in connection with their permitted other activities, Valor and its affiliates, as well as persons working on its behalf, such as advisors, EIRs, consultants, and other similar professionals, from time to time acquire confidential or material, non-public information and may therefore be restricted from initiating transactions in certain securities on behalf of a Fund and/or on behalf of other funds or accounts. It should also be noted that if a portfolio company acquires confidential or material, non-public information and is therefore restricted from initiating transactions in certain securities, then the relevant Fund may also be restricted. Disclosure of such information to Valor's personnel responsible for the affairs of a Fund will be on a need-to-know basis only, and a Fund may not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Conversely, a Fund may not have access to material, non-public information in the possession of Valor that might be relevant to an investment decision to be made by a Fund, and a Fund may initiate a transaction or sell an investment, which, if such information had been known to it, may not have been undertaken.

The principals and employees of Valor reserve the right to carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to persons or vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be

the same or similar. In addition, principals, employees, and affiliates may buy securities in transactions offered to but rejected by the Funds. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds.

As mentioned above, certain Valor principals invest for their own accounts in early-stage deals primarily through Valor VC, which was established for Valor, its employees, strategic advisors, and their families, as well as certain other investors. These early-stage investments generally are outside the investment presentation mandate of the other Funds, at the time of Valor VC's purchase, pursuant to such other Fund's Governing Documents. In certain circumstances, as permitted in the Governing Documents, the Funds may invest in a portfolio company in which Valor principals (*e.g.*, through Valor VC) previously invested or Valor principals may invest in a portfolio company or affiliate in which the Funds have invested.

## **Item 12 - Brokerage Practices**

Valor is a private equity firm and generally does not sell securities through broker-dealers. Valor focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions. Valor also reserves the right to distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Valor reserves the right to periodically engage broker-dealers and investment bankers to perform various services for its clients and/or its portfolio companies, such as assisting in the purchase or sale of a privately held portfolio company.

Regardless of the type of transaction, Valor chooses broker-dealers based upon their knowledge and expertise as well as upon services provided and the cost thereof, and their reputation. In selecting a broker to execute client transactions, Valor reserves the right to consider a variety of factors, including: (a) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) gross compensation paid to the broker.

Valor has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Valor generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Valor does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds, does not engage in directed brokerage and does not aggregate the purchase or sale of securities for client accounts.

## **Item 13 - Review of Accounts**

The investments made by the Funds are generally private, illiquid, and long-term in nature. Accordingly, Valor's review process is not directed toward a short-term decision to dispose of

securities. Valor's team of investment professionals closely monitors and conducts quarterly reviews of the Funds' portfolio companies and maintains ongoing oversight. These reviews include, without limitation, sales trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape, and management. Valor team members also periodically confirm that each Fund is maintained in accordance with its stated business objectives. The reviews are headed by Mr. Gracias and other Valor principals and investment professionals.

In addition, Valor investment professionals review Fund portfolio company information more frequently when a portfolio company needs subsequent financing, in anticipation of a potential acquisition or liquidity event, or if there is a serious performance issue at or other concern about a portfolio company.

Valor generally provides Fund investors: (i) annual audited financial statements prepared in accordance with GAAP, accompanied by the report of its independent certified public accountants within 120 days of fiscal year end (certain Co-Investment Funds are not audited and therefore their investors do not receive audited financial statements); (ii) annual tax information necessary for the completion of the investor's tax returns; and (iii) descriptive investment information for portfolio investments as of the end of the preceding calendar year. Investors typically also receive quarterly capital account statements, quarterly presentations, and other periodic communications. All reports are sent to investors in writing and are delivered electronically through a third party administrator's web portal.

In addition to the information typically provided to all prospective and existing investors, Valor may in certain circumstances (*e.g.*, in connection with diligence, a co-investment opportunity, or Side Letter rights) provide certain investors with more frequent or detailed information with respect to a Fund or existing or prospective portfolio company and other investors will not necessarily receive such information.

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

No one who is not a client provides an economic benefit to Valor for providing investment advice or other advisory services to Valor clients. Valor also does not compensate anyone for providing client referrals. Valor and its affiliates provide certain business and consulting services to Fund portfolio companies and receive compensation from these companies in connection with such services as described in each Fund's Governing Documents and in Items 5 and 11 of this Brochure.

These types of arrangements present potential conflicts of interest and provide Valor with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict, such benefits received by Valor or its employees in connection with services rendered to portfolio companies or in connection with Fund transactions are offset in part or in whole against (and therefore reduce) advisory fees (or Fund expenses in the case of the Opportunity Fund) payable by the Funds (although out-of-pocket expense reimbursements and payments for services provided in the ordinary course of business or for a Valor person serving as an employee are outside the offset if they meet the conditions set forth in the applicable Fund's Governing Documents) or, in the case of Scale Group services are subject to certain limitations, in each case as described herein and as detailed in each Fund's Governing Documents.

When it is in the process of raising a new private fund, Valor often enters into solicitation arrangements pursuant to which it compensates one or more third party placement agents for referrals



that result in a potential investor becoming an investor in a Fund. In general, placement fees and expenses, including, but not limited to, placement agent travel, meals, and entertainment expenses, payable or reimbursable to the agent are chargeable to the applicable Fund, and placement fees charged are subject to the management fee offset, in each case as described in the applicable Fund's Governing Documents.

Valor entered into arrangements with Morgan Stanley Smith Barney LLC ("MSSB"), an SEC-registered broker-dealer and FINRA member, related to the solicitation of investors for Fund VI which entitles them to receive cash compensation in the form of fees generally based on the amount of capital commitments that will ultimately be borne directly or indirectly by Valor Management, LLC rather than Fund VI ; however, in certain cases Fund VI is expected to bear certain out-of-pocket expenses incurred by MSSB and related to MSSB's engagement and solicitation of investors.

Valor also entered into an arrangement with Further Capital Partners Ltd. ("Further Capital") pursuant to which Further Capital acted as placement agent for Fund VI and receives compensation consisting of a fixed fee and/or a fee based on a percentage of certain commitments to Fund VI, plus certain expense reimbursements.

In addition, Valor entered into an arrangement with UBS Switzerland AG ("UBS AG") in connection with the solicitation of non-U.S. investors for Fund VI which entitles them to receive cash compensation in the form of fees generally based on the amount of capital commitments that will ultimately be borne directly or indirectly by Valor Management LLC. Valor also entered into arrangements with UBS AG and with UBS Financial Services Inc. ("UBS FS"), an SEC-registered broker-dealer and FINRA member, in connection with the solicitation of investors for Valor M33 VI L.P. ("M33 VI"). The arrangements entitle UBS AG or UBS FS to receive cash compensation in the form of fees generally based on the amount of capital commitments, and they may directly charge each of their investors a fee based on a percentage of the investor's commitment to M33 VI. For the sake of clarity, if UBS AG or UBS FS charged such fees with respect to M33 VI, they were paid by the investor directly to UBS AG or UBS FS, as applicable, and therefore are not M33 VI expenses and are not subject to any applicable offset provision in M33 VI's Governing Documents.

ABG, LLC ("ABG"), an SEC-registered broker-dealer and FINRA member, was retained to solicit certain non-U.S. investors for Fund VI. Acervus Securities, Inc. ("Acervus"), an SEC-registered broker-dealer and FINRA member, was retained to solicit certain U.S. investors for the Opportunity Fund and Fund VI. Acervus is a wholly-owned subsidiary of Addepar, Inc., a Fund III portfolio company. The arrangements with ABG and Acervus entitle each of them to receive a fee based on a percentage of their investors' commitments. Any placement fees charged to the Opportunity Fund and Fund VI in connection with these arrangements offsets the Opportunity Fund's expenses, as provided in its Governing Documents, and any placement fees charged to Fund VI is ultimately borne directly or indirectly by Valor Management LLC.

Matrix Japan K.K. ("Matrix") was retained to act as placement agents for Fund VI, pursuant to which Matrix generally receives compensation consisting of a fixed fee and a fee based on a percentage of certain commitments to Fund VI, plus certain expense reimbursements.

## **Item 15 - Custody**

Valor is deemed to have custody of the Funds' assets, and as a result, maintains custody of each Fund's securities and funds, to the extent required by the Advisers Act and SEC guidance, with

certain qualified custodians (please see Form ADV Part 1, Schedule D, 7.B.(1) for custodian information). The Funds (other than certain Co-Investment Funds) comply with Advisers Act Rule 206(4) by relying on the “pooled investment vehicle” exemption, which requires that the Funds be audited at least annually and upon liquidation by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (a “Qualified Accountant”), and that the Fund’s audited financial statements be delivered to investors in accordance with Advisers Act requirements. Funds that are not audited are subject to a surprise custody audit by a Qualified Accountant, and a qualified custodian sends account statements, at least quarterly, to such Co-Investment Funds’ investors.

Investors in Co-Investment Funds who receive custodial statements are encouraged to review these statements but should note that such statements may only identify a portion of their investment with Valor and may differ from reporting provided by Valor.

### **Item 16 - Investment Discretion**

Valor generally has discretionary authority to manage the Funds and their investments, pursuant to the applicable Governing Documents, including any powers of attorney contained therein. Valor provides investment advice to the Funds, and not to the individual investors in the Funds, and investors agree to the terms upon which Valor manages a Fund at the time the investor subscribes to a Fund and/or executes any applicable Governing Documents. In general, Valor does not allow investors to place limitations on its discretionary authority and is not required to notify or obtain the consent of an investor prior to transacting any business on behalf of a Fund. Pursuant to a Fund’s agreement of limited partnership (or similar agreement), however, a Fund’s General Partner may enter into Side Letters with certain investors whereby the terms applicable to such investor’s Fund investment may be altered or varied, including, in some cases, the right to be excused from certain investors.

Valor has non-discretionary authority to manage a certain Co-Investment Fund that requires Valor to obtain Co-Investment Fund’s consent prior to making an investment for the Co-Investment Fund.

### **Item 17 - Voting Client Securities**

By virtue of the applicable Governing Documents, Valor has the authority to vote securities on behalf of its Funds. Accordingly, it has adopted proxy voting policies and procedures (the “Proxy Policy”) pursuant to SEC Rule 206(4)-6. Because the Funds generally invest in securities acquired through privately negotiated transactions, the majority of “proxies” received by Valor on behalf of the Funds are written shareholder consents or similar instruments for private companies. The Proxy Policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there may be material conflicts of interest. Investors may obtain a copy of Valor’s complete proxy voting policies and procedures upon request from Valor’s Chief Compliance Officer at (312) 683-1900 or [investorrelations@valorep.com](mailto:investorrelations@valorep.com). Investors may also obtain information from Valor about how Valor voted any proxies on behalf of its Funds.

Valor generally votes in accordance with the recommendations of any board member(s) it appointed and, for public company proxies, in accordance with management’s recommendations, in each case unless Valor determines that voting in such a manner is in conflict with the best interests of the Fund(s). In other cases, Valor will evaluate and vote the proxies on a case-by-case basis. Valor generally believes its interests are aligned with those of the Funds’ investors through Valor’s and the

principals' beneficial ownership interests in the Funds and therefore does not generally seek approval or direction from a Fund (or its investors) when voting proxies. In addition, investors generally cannot request that Valor vote in a particular way on any specific proposal. In the event that there is or may be a conflict of interest, Valor's proxy policy provides that Valor may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund Advisory Board on the proposed proxy vote, or through other alternatives set forth in Valor's proxy policy.

Valor principals and affiliated or unaffiliated third parties appointed by Valor often sit on the boards of portfolio companies to which Valor provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. Valor does not consider service on portfolio company boards by Valor personnel or the receipt of any board or other fees to create a material conflict of interest in voting proxies with respect to such companies.

#### **Item 18 - Financial Information**

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