

Item 1: Cover Page



Client Brochure (Part 2A of Form ADV) March 31, 2024

This brochure provides information about the qualifications and business practices of Arsenal Venture Partners, Inc. If you have any questions about the contents of this brochure, please contact us at (407) 838-1400 or by email at orlando@arsenalgrowth.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Arsenal Venture Partners, Inc is also available on the SEC's website at www.adviserinfo.sec.gov. Arsenal Venture Partners, Inc's CRD number is 160426.

Physical:

807 W Morse Blvd, Ste 105 Winter Park, Florida, 32789
(407) 838-1400

Mailing:

750 S Orlando Avenue, Ste 200 Winter Park, Florida, 32789
www.arsenalgrowth.com

Item 2: Material Changes

Annual Update – discussion of material changes to this brochure since the last filing, dated March 31, 2023:

As of December 31, 2023, Arsenal Venture Partners had a total of **\$347,904,802** assets under management. The assets under management are calculated using the same methodology as “regulatory assets under management”.

Non-material updates to information in this brochure are also included below and should be read carefully.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	2
Item 4: Advisory Business	3
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees and Side-By-Side Management	5
Item 7: Types of Clients	6
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss	6
Item 9: Disciplinary Information	9
Item 10: Other Financial Industry Activities and Affiliations	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	14
Item 12: Brokerage Practices	15
Item 13: Reviews of Accounts	16
Item 14: Client Referrals and Other Compensation	16
Item 15: Custody	16
Item 16: Investment Discretion	17
Item 17: Voting Client Securities (Proxy Voting)	17
Item 18: Financial Information	18
Item 19: Requirements for State Registered Advisers	18

Item 4: Advisory Business

Arsenal Venture Partners, Inc, (the “Arsenal Venture Partners”) a Delaware Corporation wholly owned by Jason Rottenberg and John Trbovich, provides investment advisory services to Arsenal Venture Partners II L.P., Arsenal Venture Partners IIA L.P., Arsenal Venture Partners II Florida L.P., Arsenal Growth Equity III L.P., Arsenal Growth Equity IV L.P., Arsenal Cart Investors LLC, Arsenal Cart Investors II LLC, Arsenal Cart Investors III LLC, Arsenal Elevate Investors I LLC and Arsenal Sayari Investors I, LLC (the “Arsenal Funds”). The Arsenal Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Arsenal Funds are our clients. The limited partners or members in the Funds are referred to herein as investors.

As the investment adviser, Arsenal Venture Partners, identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of the Arsenal Funds.

Arsenal Venture Partners is focused on investing in emerging growth companies. Such investments take the form of privately negotiated investment instruments including unregistered equity from both U.S. and non-U.S. issuers and other investments, consistent with the respective Arsenal Venture Partner’s investment strategy and objectives.

Arsenal Venture Partners provides investment advisory services to each of the Arsenal Funds pursuant to separate investment and advisory agreements (each, an “Advisory Agreement”). Investment advice is provided by Arsenal Venture Partners directly to the Arsenal Funds, subject to the direction and control of the affiliated General Partner, Manager, or other governing body, of such Arsenal Fund.

The General Partner, Manager, or other governing body, of the applicable Arsenal Fund, establishes any restrictions on investments in certain types of securities, which are set forth in the Limited Partnership Agreement, LLC Agreement or other governing documents.

Arsenal Venture Partners has been in business since 2004.

Arsenal Growth Equity, LLC is a majority-owned subsidiary of Arsenal Venture Partners that provides investment advisory services with respect to certain Arsenal Funds. Arsenal Growth Equity will rely on our investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act. To rely on our registration, we have entered into investment management agreement with Arsenal Growth Equity. In addition, we represent that:

- (i) Arsenal Growth Equity, its employees and persons acting on its behalf will be “persons associated with” and “supervised persons” (as each term is defined in the Advisers Act) of Arsenal Venture Partners;
- (ii) The investment advisory services of Arsenal Growth Equity, its employees and persons acting on its behalf will be subject to our supervision and control with respect

- to any investment advisory functions thereof;
- (iii) (iii) Any investment advisory functions of Arsenal Growth Equity will be subject to the Advisers Act and the rules and regulations thereunder; and
 - (iv) (iv) The activities and books and records of Arsenal Growth Equity will be subject to inspection and examination by the SEC. Arsenal Growth Equity will be subject to our compliance policies and procedures.

The private fund managed by Arsenal Growth Equity include:

Arsenal Growth Equity IV L.P. Arsenal Venture Partners or principals of Arsenal Venture Partners own an interest in the manager of Arsenal Growth Equity IV, L.P., which is a venture capital fund.

Additionally, Arsenal Venture Partners owners and member partners serve as general partner and/or investment manager to the Arsenal Funds and these relationships may create conflicts of interest because Arsenal Venture Partners owners and member partners have an incentive to recommend the Arsenal Funds as an investment to Arsenal Venture Partners investors and may profit from such investments. As stated in the aforementioned, Arsenal Venture Partners has procedures in place to make sure that such investment opportunities and allocated in a fair and equitable manner.

Item 5: Fees and Compensation

As compensation for investment advisory services rendered to the Arsenal Funds, Arsenal Venture Partners may receive a management fee, as defined in each applicable Advisory Agreement. Upon the termination of an Advisory Agreement, appropriate treatment will be given to all management fees collected in advance. As described below, the management fee may be reduced or waived in some circumstances in connection with the receipt by Arsenal Venture Partners or its related persons of various fees paid by actual or prospective portfolio companies.

The management fee is generally subject to waiver or reduction by Arsenal Venture Partners in its sole discretion, including in connection with investments made by the General Partners, governing body, or its related persons.

To the extent provided in the Advisory Agreements and the partnership agreements of the Arsenal Funds, Arsenal Venture Partners will pay out of its management fees certain operating expenses, including expenses on account of rent, utilities, office supplies, office equipment, travel, entertainment, compensation of its general partners and employees (other than carried interest described in Item 6 below) and other routine administrative expenses relating to the services and facilities provided by Arsenal Venture Partners to the Arsenal Funds. Each Arsenal Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, investment banking, consulting, research, brokerage, finders', custody, transfer, registration, advisory board, interest, taxes and extraordinary expenses, and other similar fees and expenses. Some of these expenses borne by the Arsenal Funds may relate to costs associated with unexecuted transactions.

Other Fees

A management fee is not typically charged to Arsenal Cart Investors LLC, Arsenal Cart Investors II LLC, Arsenal Cart Investors III LLC, Arsenal Elevate Investors I LLC, and Arsenal Sayari Investors I, LLC (the “Special Purpose Vehicles”). In order to recover the expense associated with formation, accounting, reporting, legal, tax and regulatory fees associated with managing the Special Purpose Vehicles, the respective Manager of each vehicle will receive payment for accrued expenses, defined in an expense policy, upon liquidation of the underlying assets of the company. In addition, carried interest, if applicable as defined in each company’s operating agreement may be paid upon liquidation.

Generally, Arsenal Venture Partners will not perform management, advisory, transaction-related services, financial advisory and other services (“Related Services”) for, and not receive fees from, actual or prospective portfolio companies, or other investment vehicles of the Arsenal Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, re-financings, public offerings, sales and similar transactions.

In the event Arsenal Venture Partners does perform Related Services, these fees may be significant, and in some instances, may exceed the management fee. Such fees may be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. Although such fees are in addition to the management fees paid by the Arsenal Funds, Arsenal Venture Partners will in some circumstances reduce future management fees in connection with the receipt of these fees. The calculation of such reduction varies from fund to fund and is described in the applicable fund documents. Such reductions will be credited on a regular basis. To the extent any such credit would reduce the management fee for a given quarter below zero, such credit will be carried forward for future application. These fees, if and when received, will be disclosed in the annual financial statements of the applicable Arsenal Fund.

In the standard course of its business, Arsenal Venture Partners does not utilize the services of broker-dealers for transaction Related Services. In the event that it chooses to use a broker-dealer for limited purposes relating to a particular Arsenal Fund, such Arsenal Fund will incur brokerage and other transaction costs. However, no such brokerage fees or transaction costs will be paid to Arsenal Venture Partners or its affiliates. For additional information regarding brokerage practices, please see Item 12 below.

Item 6: Performance-Based Fees and Side-By-Side Management

For some Arsenal Funds, a portion of the Fund’s net investment profit is allocated to the capital account of its general partners as “carried interest.” In some cases, the General Partner of an Arsenal Fund is a related person of Arsenal Venture Partners. If present, the “carried interest” rate is described in the applicable fund documents, or governing documentation, for each Arsenal Fund. Please see Item 10 below for potential conflicts of interest, resulting from having a “carried interest” within a Fund.

Item 7: Types of Clients

Arsenal Venture Partners currently provides investment advisory services to pooled investment vehicles.

Investment advice is provided directly to the Arsenal Funds, subject to the direction and control of the General Partner, Manager, or other governing body, of such Arsenal Fund, and not individually to the investors of such Arsenal Funds.

Interests in the Arsenal Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Investment Company Act. Investors must be a “qualified client” as defined under the Advisers Act. Investors in Arsenal Funds can include Federal and State agencies, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other business entities.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss

Methods of Analysis and Investment Strategies

Prior to making an investment, Arsenal Venture Partners carries out an extensive analysis of a target investment’s position and prospects. Understanding the market potential, the sustainability of the business model and the competitive environment is an integral element to Arsenal Venture Partners’ investment approach. The dimensions of such due diligence analysis include the following:

Management. Arsenal Venture Partners evaluates members of the management team, works to ensure that post-closing economic incentives are aligned with the business plan and supports the management team.

Market Definition. Market definition delineates the boundaries where competitive advantage can be established and sustained. Market definition is based on the business’s economics, overlap with other businesses, and the dynamics of customer behavior.

Market Segmentation. Within a defined market, market segments present vulnerabilities as well as opportunities.

Customer Value Proposition. Determining the true value that a company’s product or service creates for its customers is critical to understanding whether a profitable company can be built.

Competitive Position. Often at the heart of strategic due diligence is a thorough analysis of each competitor’s market and segment shares, technology, management, financial capability, cost position and implicit future strategy.

Financial Position and Prospects. Arsenal Venture Partners evaluates the allocation of capital to

various functional areas of each potential investment.

Capabilities and Assets. Generally, a business enjoys or can develop distinctive capabilities, which set it apart from other participants in its industry. The value and potential of these capabilities can be measured. These capabilities may include brand franchise, distribution strength, and technology.

Intellectual Property, Regulatory, Tax, Legal, Accounting. Arsenal Venture Partners and an experienced team of outside professionals, as needed, perform a full review of intellectual property, regulatory, tax, legal and accounting contingencies prior to making an investment.

Harvest Analysis. Prior to making an investment, Arsenal Venture Partners fully explores the alternative options for future liquidity. Businesses with few liquidity alternatives are more heavily discounted than those with more options.

Risks

Investing in securities involves a substantial degree of risk. The investments of an Arsenal Venture Partners Fund may lose all or a substantial portion of their value, and investors in Arsenal Funds must be prepared to bear the risk of loss of their investments therein.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by Arsenal Funds in connection with those strategies and methods, include the following:

Nature of Investments

Generally, the Arsenal Funds' portfolio companies will be in mid to later stages of development, although the Arsenal Funds may also invest in portfolio companies in relatively early development stages thus entailing significant operating risk.

The Arsenal Funds' investments will generally be in minority positions in portfolio companies, in many cases without power to unilaterally control such portfolio companies' boards of directors and management, although the Arsenal Funds may also purchase a majority position of the securities of a portfolio company. Investments in Arsenal Funds may be in the form of equity or debt.

The Arsenal Funds do not generally make investments on a leveraged basis; however, should an Arsenal Fund make investments on a leveraged basis, there is an increased risk that recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of the Arsenal Funds' portfolio companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the applicable Arsenal Fund may suffer a partial or total loss of capital invested in the portfolio company.

Financial Market Fluctuations

General fluctuations in the market prices of securities and economic conditions generally may affect the Arsenal Funds' ability to make investments and the value of the investments held by the Arsenal Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Arsenal Funds' investments. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The Arsenal Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and the Arsenal Funds may find themselves unable to dispose of investments at prices that Arsenal Venture Partners and their applicable General Partners, Managers or governing body, believe reflect the investments' fair value. The duration and ultimate effect of market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public market or otherwise.

Illiquidity of Investments

The Arsenal Funds' investments may consist of securities that are subject to restrictions on sale under U.S. securities laws. Generally, an Arsenal Fund will not be able to sell these securities publicly in the U.S. without the expense and time required to register the securities under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. When restricted securities are sold to the public, the applicable Arsenal Fund may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under that Act. The sale of investments may be subject to restrictions imposed by the applicable securities laws of the countries in which an Arsenal Fund invests or in which it wishes to publicly list securities, if applicable. In addition, practical limitations may inhibit an Arsenal Fund's ability to liquidate certain of its investments in the portfolio companies since the issuer will be privately held and the Arsenal Fund may own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of an Arsenal Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

General Risks Associated with Non-U.S. Investments

Investment in foreign issuers or securities principally traded overseas may involve certain special risks due to foreign economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, issuers of foreign securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. Foreign brokerage commissions

and other fees are also generally higher than in the United States. There are also special tax considerations, which apply to investments in securities of foreign issuers and securities principally traded overseas. Moreover, the expenses normally associated with foreign investments often exceed those associated with domestic investments. Currently all Arsenal Funds' investments are in the United States, with the exception of one in Canada and one in the United Kingdom.

Reliance on Management of the Investment Adviser

Decisions with respect to the management of each Arsenal Fund will be made by the General partner, Manager, or other governing body, of such Arsenal Fund with the advice of Arsenal Venture Partners. The success of an Arsenal Fund will depend on the ability of its General partner, Manager or other governing body, and Arsenal Venture Partners to identify and consummate investments, to improve the operating performance of portfolio companies and to dispose of investments of such Arsenal Fund at a profit. The loss of the services of one or more members of the professional staff of Arsenal Venture Partners or of the partners of the General Partner, Manager or other governing member, of an Arsenal Fund could have an adverse impact on such Arsenal Fund's ability to realize its investment objective. In addition, it is expected that all of the officers and employees responsible for managing a particular Arsenal Fund will continue to have responsibilities with respect to other funds and accounts managed by Arsenal Venture Partners. Thus such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other funds and accounts.

Different risks may exist with respect to investments in different Arsenal Funds. The risks associated with an investment in any particular Arsenal Fund may be substantially impacted by the nature and timing of the market.

Item 9: Disciplinary Information

No material items exist as of this time.

Item 10. Other Financial Industry Activities and Affiliations

Generally, Arsenal Venture Partners serves as the General Partner or Manager for Arsenal Funds through Affiliated Advisers. In some cases, Arsenal Venture Partners advises a Fund's governing board.

Affiliated Advisers

Arsenal Venture Partners currently has five affiliated advisors based in the U.S., Arsenal Venture Partners, LLC, Arsenal Venture Partners (GP), LLC, Arsenal III LLC, AGE Investor LLC, and AGE Investor II LLC, AGE Investor III LLC (each, an "Advisory Affiliate" and, collectively, "Advisory Affiliates"), serve as general partners or managers of some Arsenal Funds and may from time to time provide investment advisory services with respect to such Funds. Each Advisory Affiliate will rely on our investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act. To rely on our registration, we have

entered into investment management agreements with each Advisory Affiliate. In addition, we represent that:

- (i) Each Advisory Affiliate, its employees and persons acting on its behalf will be “persons associated with” and “supervised persons” (as each term is defined in the Advisers Act) of Arsenal Venture Partners, Inc.;
- (ii) The investment advisory services of each Advisory Affiliate, its employees and persons acting on its behalf will be subject to our supervision and control with respect to any investment advisory functions thereof;
- (iii) Any investment advisory functions of each Advisory Affiliate will be subject to the Advisers Act and the rules and regulations thereunder; and
- (iv) The activities and books and records of each Advisory Affiliate will be subject to inspection and examination by the SEC. Each Advisory Affiliate will be subject to our compliance policies and procedures.

Conflicts of Interest

As discussed above, Arsenal Venture Partners currently has five Affiliate Advisers; although, each Arsenal Fund is independent and focuses primarily on a different investment strategy, such investment strategies overlap from time to time. In the ordinary course of conducting its activities, the interests of an Arsenal Fund or its investors may conflict with the interests of Arsenal Venture Partners.

Resolution of Conflicts

Each of the general partners, managers or governing body, within the Arsenal Funds will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise among investment funds or accounts managed by Arsenal Venture Partners, the participating General Partner, Manager or governing body, will represent the interests of the investment funds or accounts they advise. In resolving conflicts, the General Partner, Manager or governing body, may consider various factors, including the interests of the Arsenal Funds. In the case of all conflicts involving the Arsenal Funds, the determination as to which factors are relevant, and the resolution of such conflicts, will be made in the sole discretion of Arsenal Venture Partners, except as required by the governing documents of the Arsenal Funds.

Sources of Conflicts of Interest

The conflicts of interest encountered by an Arsenal Fund include those discussed below, although the discussion below does not describe all of the conflicts that may be faced by the Arsenal Funds. Other conflicts may be disclosed throughout this document and the document should be read in its entirety for other conflicts.

Conflicts Relating to the General Partners, Managers or Governing Body, of the Arsenal Funds

and Arsenal Venture Partners

As noted in Item 5, Arsenal Venture Partners does not generally receive fees in connection with supporting Arsenal Fund portfolio companies.

It is expected that the managing partners, officers and employees of Arsenal Venture Partners responsible for managing a particular Arsenal Fund will have responsibilities with respect to other Arsenal Funds, including funds and accounts that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these managing partners, officers and employees.

Conflicts Relating to the Purchase and Sale of Investments

The investment policies, fee arrangements, and other circumstances of the Arsenal Fund, may vary from those with respect to other Arsenal Funds. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to an Arsenal Fund.

Subject to any requirements of the governing instruments of the Arsenal Funds, opportunities for investments will be allocated among the Arsenal Funds in a manner that the respective General Partners, Managers or governing body, of the Arsenal Funds, believe in their sole discretion to be appropriate given factors they believe to be relevant. Such factors may include the investment objectives, geography, nature of the target's business, scale, transaction sourcing, liquidity, diversification, lender covenants and other limitations of the Arsenal Funds and the amount of capital each then has available for such investment. Arsenal Venture Partners also reserves the right to make independent decisions regarding recommendations of when an Arsenal Fund should purchase and sell investments. As a result, an Arsenal Fund may be purchasing, or holding, an investment at a time when another Fund is selling the same or a similar investment, or vice versa. An Arsenal Fund may invest in opportunities that another Fund has declined, and likewise, such Arsenal Fund may decline to invest in opportunities in which another Fund has invested.

Conflicts may arise when an Arsenal Fund makes investments in conjunction with an investment being made by another Arsenal Fund, or in a transaction in which another Arsenal Fund has already made an investment. Investment opportunities may be appropriate for an Arsenal Fund and another Arsenal Fund at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may also arise in determining the terms of investments, especially where the general partner controls the structure of a transaction and its capitalization. For example, investments by an Arsenal Fund in transactions controlled by another Arsenal Fund may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable for such Arsenal Fund if it were investing without the other Arsenal Fund. There can be no assurance that the return on one Arsenal Fund's investments will not be less than the returns obtained by other Arsenal Funds participating in the transaction.

Generally, employees of Arsenal Venture Partners are not permitted to make capital investments in or alongside other Arsenal Funds. In the event an employee of Arsenal Venture Partners wants to make an investment in or alongside other Arsenal Funds, the governing body of the Fund is required to approve in advance of the investment.

Conflicts Relating to Existing Investments

Further conflicts may arise once an Arsenal Fund has made an investment in a company in which another Arsenal Fund has also invested. For example, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Arsenal Funds may or may not provide such additional capital, and if provided the Arsenal Funds will supply such additional capital in such amounts, if any, as determined by the Funds General Partner, or governing body. Arsenal Venture Partners, and where appropriate the Board of Trustees, Directors, Management Committee, Committee Members, or Conflict Committees, will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the advisory boards or investment committees of the participating investment funds.

Investments to finance follow-on acquisitions are a regular part of the business of the Arsenal Funds. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, an Arsenal Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other Arsenal Fund has invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Similar to above, Arsenal Venture Partners, and where appropriate Board of Trustees, Directors, Management Committee, Committee Members, or Conflict Committees, will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the advisory boards or investment committees of the participating investment funds.

A portion of an Arsenal Fund's investments may consist of securities that are subject to restrictions on resale by such Fund because they were acquired in a "private placement" transaction or because such Fund is deemed to be an affiliate of the issuer of such securities. Generally, the Arsenal Fund will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act.

When restricted securities are sold to the public, Arsenal Funds may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Act.

An Arsenal Fund may directly or indirectly control or be under common control with issuers of securities held by such Arsenal Fund, which were issued under an indenture qualified under the Trust Indenture Act of 1939, especially where a Fund is deemed to control the issuer of the securities. In such cases, the securities held by the Arsenal Fund would be required by the Trust

Indenture Act to be disregarded for the purposes of determining whether the holders of the required principal amount of such issuer's securities have concurred in certain directions or consents.

The following factors may alleviate, but will not eliminate, conflicts of interest among Arsenal Funds:

- An Arsenal Fund will not make any investment unless the General Partner, Manager, or governing body, of such Arsenal Fund believes that such investment is an appropriate investment considered solely from the viewpoint of the investors in the investing Arsenal Fund;
- Many important conflicts of interest will generally be resolved by set procedures contained in the investment sharing process set forth in the partnership or LLC agreements of the Arsenal Funds;
 - Where appropriate, the Board of Trustees, Board of Directors, Management Committee, Committee Members, Advisory Board, Investment Committee, or Conflicts Committee of an Arsenal Fund, whose members are not affiliated with Arsenal Venture Partners, play an important role in resolving conflicts of interest by approving or disapproving the appropriateness of decisions that involve significant conflicts of interest referred to it by Arsenal Venture Partners; and
 - Where Arsenal Venture Partners, or Board of Trustees, Board of Directors, Management Committee, Committee Members, Advisory Board, Investment Committee, or Conflicts Committee deems appropriate in its sole discretion, unaffiliated third parties may be used to help resolve conflicts such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third party to make an investment on the same terms as an Arsenal Fund would demonstrate the fairness of the transaction to such Fund.

Other Conflicts of Interest

An Arsenal Fund will generally engage common legal counsel and other advisers to represent all of the Funds in a particular transaction, including a transaction in which the Funds have conflicting interests because they are investing in different securities of a single portfolio company. In the event of a significant dispute or divergence of interest between one or more Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case Arsenal Venture Partners may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. Partners of the law firms engaged to represent the Funds may be investors in the Funds, and may also represent one or more portfolio companies, limited partners, members or governing body of the Funds.

An Arsenal Fund may have tax-exempt, taxable, foreign and other investors. Conflicts may exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt

investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

The General Partner, Manager or governing body, of an Arsenal Fund may from time to time utilize the services of limited partners and their affiliates on an arm's length basis, as they deem appropriate.

An Arsenal Fund may hold "plan assets" subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, an Arsenal Fund may be restricted from entering into certain transactions if the investment would violate ERISA with respect to an Arsenal Fund, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Arsenal Fund.

Different conflicts may exist with respect to investments in different Arsenal Funds.

Please contact the Arsenal Venture Partners Compliance Department with any additional questions or concerns.

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

Code of Ethics

Arsenal Venture Partners has adopted a Code of Ethics policy for its employees. The Policy describes employee's standard of conduct and fiduciary duties and limit personal trading by its employees and their immediate family/household members in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, and derivative instruments. Employees must report every account that they or their immediate family/household member use for trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions and have copies of trade confirmations and periodic account statements sent by their broker to the compliance department. Employees are generally prohibited from communicating material non-public information to anyone outside the firm and from trading on the basis of such material non-public information for their own personal accounts or for the Arsenal Funds or other accounts managed at any time by Arsenal Venture Partners.

A detailed summary of Arsenal Venture Partners' Code of Ethics is available to investors and prospective investors during the investment due diligence process. A copy of the Code of Ethics may be obtained from Arsenal Venture Partners' Compliance Department.

Existing clients may obtain a copy of the Code of Ethics upon written request to: Arsenal Venture Partners, Inc., 750 S Orlando Avenue, Suite 200, Winter Park, FL 32789. Attn: Compliance

Department.

Related Person Investment

Please reference Arsenal Venture Partners “Code of Ethics” and Item 10 above for further detail regarding circumstances in which Arsenal Venture Partners or a related person:

- a) Recommends to clients, or buys or sells for client accounts, securities in which Arsenal Venture Partners or a related person has a material financial interest,
- b) Invests in the same securities that Arsenal Venture Partners or a related person recommends to clients, or
- c) Recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Arsenal Venture Partners or a related person buys or sells the same securities for an Arsenal Fund, as well as related conflicts of interest.

Item 12: Brokerage Practices

Selection of Brokers and Dealers

Although Arsenal Venture Partners does not generally utilize the services of broker-dealers for transaction-related services, in the event that it chooses to use a broker-dealer for limited purposes, Arsenal Venture Partners seeks to obtain quality execution of transactions. In doing so, Arsenal Venture Partners seeks to execute securities transactions for the Arsenal Funds in such a manner that the Arsenal Funds’ total costs or proceeds in each transaction are the most favorable under the circumstances. In assessing whether that standard is met, Arsenal Venture Partners shall consider the full range and quality of a counterparty’s services when placing orders, including, among other things, execution capability, commission rate or spread, financial responsibility, responsiveness, value of any research services provided, the ease of implementation and total cash management capabilities. Arsenal Venture Partners’ Compliance Department monitors and reviews order allocations on an as required basis. Any suspicious allocation activities shall be investigated promptly. Arsenal Venture Partners’ Vice President of Finance, in consultation with its investment team, executes trades. As noted above, Arsenal Venture Partners rarely conducts trades in public markets.

Brokerage for Client Referrals

Arsenal Venture Partners does not receive client referrals from broker-dealers. Therefore, Arsenal Venture Partners does not consider the receipt of client referrals when selecting broker-dealers for portfolio transactions.

Directed Brokerage

Arsenal Venture Partners has sole discretion to select broker-dealers used for portfolio transactions and does not require or permit clients to direct brokerage to a specific broker-dealer.

Trade Aggregation

Although Arsenal Venture Partners does not generally utilize the services of broker-dealers, in the event it does use a broker-dealer, Arsenal Venture Partners seeks to obtain quality execution of transactions. To the extent they aggregate orders for purchase and sale, Arsenal Venture Partners will aggregate such orders as it deems appropriate and in accordance with each Arsenal Fund's documents and in the best interest of each Arsenal Fund.

Item 13: Reviews of Accounts

Oversight and Monitoring

Arsenal Venture Partners closely monitors the portfolio companies of each Arsenal Fund and generally maintains an ongoing oversight position in such portfolio companies. The portfolio companies of each Arsenal Fund are reviewed by a team of investment professionals on a continuous basis. The team generally includes the Managing Partners and other investment professionals of Arsenal Venture Partners.

Reporting

Investors in the Arsenal Funds will typically receive, among other things, a copy of audited financial statements of the relevant Arsenal Fund. Investors in each Arsenal Fund will typically receive unaudited quarterly summary financial information regarding such Arsenal Fund following the end of each financial quarter.

Typically, investors in each Arsenal Fund will receive regular reporting updates through quarterly letters, investor meetings and other materials provided on the investor website. Some investors also receive other periodic reports or information, as requested.

Item 14: Client Referrals and Other Compensation

For details regarding economic benefits provided to Arsenal Venture Partners by non-clients, including a description of related conflicts of interest, please see Item 10 above. In addition, Arsenal Venture Partners and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies.

Arsenal Venture Partners has utilized the services of Troy Investment Associates, Inc., Brighton House Associates, and Rainmaker Securities, LLC, registered broker dealers with the Financial Industry Regulatory Authority, for client referrals.

Item 15: Custody

A Qualified Custodian(s) (as that term is defined in the Investment Advisers Act of 1940 ("Advisers Act")) maintains Arsenal Fund assets where applicable. The Arsenal Funds have engaged

independent PCAOB registered public accountants to conduct annual audits. For Funds under the Discretionary Control of Arsenal Venture Partners, Arsenal Venture Partners provides a copy of the audited financial statements to investors within 90 or 120 days after fiscal year end, as outlined in fund agreements. For Arsenal Funds under managerial or supervisory control, the administrator of the Fund is responsible for communicating audited financial statements to investors within 120 days after fiscal year end.

Item 16: Investment Discretion

Arsenal Venture Partners provides investment advisory services to each of the Arsenal Funds pursuant to the Advisory Agreements. Investment advice is provided by Arsenal Venture Partners directly to the Arsenal Funds, subject to the direction and control of the affiliated General Partner, or governing body, of such Arsenal Fund pursuant to discretionary authority granted in the Limited Partnership Agreement, or fund agreement. With respect to some Arsenal Funds, the manager does not maintain discretionary control but instead provides continuous and regular supervisory and managerial services. In those instances, any restrictions on investments in certain types of securities are established by the General Partner, Board of Directors, Management Committee, or Board of Trustees (where appropriate), of the applicable Arsenal Funds, and are set forth in the Limited Partnership Agreement, LLC Agreement, and/or other documentation received by each limited partner or member prior to investment in such Arsenal Fund.

Item 17: Voting Client Securities (Proxy Voting)

Investors in Arsenal Funds are not able to direct the vote of the General Partner, Manager, or governing body. The General Partner, Manager, or governing body, intends to vote proxies or similar corporate actions in the best interests of the applicable Arsenal Fund, taking into account such factors as it deems relevant in its sole discretion.

Arsenal Venture Partners' proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict.

A summary of Arsenal Venture Partners' proxy voting policies and procedures are available to limited partners and prospective limited partners during the investment due diligence process. A copy of the proxy voting policies and procedures may be obtained by Arsenal Venture Partners' Compliance Department.

Existing clients who would like to learn more about how a particular proxy was voted in connection with an Arsenal Fund should contact Arsenal Venture Partners, Inc. 750 S Orlando Avenue, Suite 200, Winter Park, FL 32789. Attn: Compliance Department.

Item 18: Financial Information

Item 18 is not applicable to Arsenal Venture Partners.

Item 19: Requirements for State Registered Advisers

Item 19 is not applicable to Arsenal Venture Partners.