

# upfront

Form ADV  
Part 2A Brochure  
March 26, 2024

Upfront Ventures Management, LLC  
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This brochure (“Brochure”) provides information about the qualifications and business practices of Upfront Ventures Management, LLC (the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at [compliance@upfront.com](mailto:compliance@upfront.com).

Registration as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Upfront Ventures is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

Upfront Venture Management, LLC (“Upfront” or “we”) is amending its Brochure to reflect updates since the date of its last amendment on March 29, 2023. There are no material changes to report since the last amendment, however, this revised Part 2 contains routine annual updates and enhanced disclosures. Recipients of the Brochure are encouraged to read the Brochure carefully in its entirety and contact Upfront with any questions. The latest version of the Brochure can be accessed via the SEC Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by requesting a copy by contacting Stuart Lander at (310) 785-5100.

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#### **Item 4: Advisory Business**

Upfront Ventures Management, LLC is a Delaware limited liability company that was formed in 2014 and is part of a private investment firm originally founded in 1996.

The Firm conducts its business through various affiliates. Specifically, Upfront Ventures Management, Inc (the “Relying Adviser”) and various other affiliated entities that serve as general partners or managers of the Funds (the “General Partner(s)”) and together with the Relying Advisers the “Affiliated Entities”) and are not separately registered as investment advisers. Instead, the Affiliated Entities rely on the Firm’s registration in accordance with SEC guidance (the Firm and Affiliated Entities are collectively referred to herein as “Upfront Ventures”). See Item 10. This Brochure describes the business practices of Upfront Ventures as a single advisory business.

Upfront Ventures provides discretionary investment management services to affiliated venture capital funds, co-investment vehicles and a fund managing venture capital fund portfolio companies purchased from prior funds (each a “Fund” or a “Client” and collectively the “Funds” or the “Clients”). The Funds invest primarily in early stage and later-stage privately held technology enabled companies. Upfront Ventures seeks to accomplish the Funds’ investment objectives by providing investment advisory services that include identifying and evaluating investment opportunities, negotiating the terms of the investment, managing and monitoring investments and ultimately disposing of such investments. In the future, Upfront Ventures may form additional funds, including feeder and parallel funds, co-investment vehicles, special purpose vehicles, as well as provide portfolio management services for separately managed accounts.

Limited partners in the Funds (the “Investors”) should refer to the relevant vehicle’s limited partnership agreement or other offering document, including the Appendices thereto, and other governing documents including each Fund’s respective management services agreements (together with any applicable side letters described below (collectively, the “Governing Documents”) for definitive and more detailed information regarding the matters described in this Brochure. The Funds or the Affiliated Entities have entered into side letters or other similar agreements with certain Investors that have the effect of establishing rights under, or altering or supplementing certain terms of, the Governing Documents with respect to such Investors, and such rights are not made available to Investors generally. Upfront Ventures does not tailor its advisory services to the individual needs of Investors, instead providing investment advice to the Funds rather than to the individual Investors in the Fund.

Upfront Ventures intends to offer co-investment opportunities to Fund investors interested in participating in any such opportunity. Upfront Ventures and its affiliates, in their sole discretion, decide on whether and to whom to offer co-investment opportunities, as well as the applicable terms. Co-investment opportunities may be offered to some and not other Fund investors and to certain persons other than Fund investors. The General Partner or its affiliates may charge fees or carried interest with regard to the portion, if any, of any investment opportunity allocated to a co-investment vehicle. There is an inherent conflict of interest when and to the extent that employees and related persons of Upfront Ventures and its affiliates make capital investments in or alongside certain Funds.

Upfront Ventures does not participate in wrap fee programs.

As of December 31, 2023, Upfront Ventures’ regulatory assets under management were \$2,730,878,900 all managed on a discretionary basis.

## Item 5: Fees and Compensation

In consideration of Upfront Ventures' investment advisory and other services, Upfront Ventures generally receives a management fee and a carried interest from each of the Funds. Additionally, consistent with each Fund's Governing Documents, the Funds bear certain out-of-pocket expenses incurred by the Firm in connection with the services provided to the Funds and/or their portfolio companies.

Generally, the Funds pay Upfront Ventures a management fee equal to a percentage of the total Investor capital commitments of such Fund which is paid quarterly in advance (the "Management Fee"). Management Fees may also be based on a Fund's invested capital or aggregate acquisition cost of Fund investments. The Management Fee percentage and/or the base upon which the fee is calculated may vary over the life of the Fund, as negotiated and determined at the time the Fund is established and as set forth in its Governing Documents. The percentage of the Management Fee is generally between 0-2.0% annually. It is often reduced upon the occurrence of certain events that are fully described in the Governing Documents of each Fund ("Post-Commitment Period").

Management Fees and carried interest distributions generally are not negotiable and are set out in each Fund's Governing Documents, which are received by each Investor prior to their commitment to a Fund. As permitted by the Governing Documents, Upfront Ventures has the right to exempt or reduce certain Funds or co-investment vehicles from payment of Management Fees and/or carried interest, including any "affiliates fund" or "scout fund" for certain individuals, advisors or influencers that may provide strategic value or benefit to the Funds through access to deal flow, strategic insights or other services.

Affiliates of Upfront Ventures, as the General Partners of the Funds, typically receive certain allocations and distributions calculated and charged based on a share of capital gains on or capital appreciation of the assets of such Fund, as negotiated and determined at the time such Fund is established and as set forth in its Governing Documents. These allocations and distributions are commonly known as "carried interest." Upfront Ventures' affiliates generally do not receive carried interest until all Investors have received aggregate distributions equal to the sum of their capital contributions to the Fund.

Management Fees are typically funded with capital contributions drawn for such purpose but may also be funded with or withheld from proceeds from investments. Carried interest distributions generally will be distributed to Upfront Ventures' affiliates from time to time upon the disposition of investments by a Fund and are distributed to such affiliate in accordance with the terms of the applicable Governing Documents.

Unless it is specifically provided otherwise in the applicable Governing Documents, the Management Fee is reduced by one hundred percent (100%) of any net transaction fees received from any portfolio company held by a Fund and organizational expense incurred above the organizational expense cap specified in the applicable Governing Documents.

Upfront Ventures and its affiliates generally pay all of their own operating and overhead costs and expenses, including salaries, bonus and benefits, rent, entertainment, office furniture, fixtures and computer equipment, any third-party placement agent fees and/or out-of-pocket expenses incurred by third party placement agents in respect of the Funds. In addition to any Management Fees payable to Upfront Ventures, the Funds are responsible for certain charges imposed by third parties and affiliates ("Fund Expenses"). The Firm pays such Fund Expenses on behalf of the Funds and is reimbursed by the Funds on a quarterly basis.

Fund Expenses may include (but are not limited to): (a) the organizational expenses (out of pocket expenses incurred in connection with the set-up of the relevant Fund, General Partner and offering but excluding any third-party placement agent fees), (b) the costs and expenses incurred in connection with maintaining the organizational existence of the Fund, (c) the fees and expenses of third-party fund administrators, third-party investor portals, custodians, outside counsel, consultants, accountants (including, without limitation, audit, tax compliance and certification fees) and other similar outside advisors, including, without limitation, the investment bankers or other appraisers referred to in the applicable Governing Documents, (d) the costs and expenses incurred in pursuing the consummation of any transaction (regardless of whether such transaction is subsequently consummated), (e) the costs and expenses incurred in holding, managing or selling investments, including record-keeping expenses, (f) the costs and expenses of reporting to Investors (including Investors in any additional funds or other similar vehicles having terms substantially similar to that of a given Fund (a “Parallel Fund(s)”), and the group of Investor representatives tasked with specific responsibilities pursuant to the Governing Documents (the “Advisory Board”) (including annual report production costs, annual Investor meetings, Advisory Board meetings, or other ad-hoc Investor meetings), (g) any taxes, fees or other governmental charges levied against the Funds, any Parallel Funds or on its income or assets or in connection with its business or operations (other than any such taxes, fees or charges levied in respect of or otherwise in connection with any specific Investors(s)), (i) all other costs and expenses of the Fund, any Parallel Fund or the General Partner in connection with the applicable Governing Documents (such as costs of insurance, costs of litigation, or other matters that are the subject of indemnification or contribution and/or corresponding provisions in the Parallel Fund Governing Document(s) and costs of winding-up and liquidating the Fund and/or any Parallel Fund(s)), and (j) any other costs and expenses jointly incurred by or on behalf of the Fund and/or any Parallel Fund(s) and not otherwise separately allocable among them.

Certain of the Funds lend money to the relevant General Partner and earn interest on such borrowing in order to facilitate investment by the General Partner into the Funds as detailed in each applicable Fund’s Governing Documents. Upon distribution of cash made by such Funds to a General Partner, the General Partner will pay back the Funds a portion of the principal balance equal to the difference (but not less than zero) between (i) twenty-five percent (25%) of the distribution received by the General Partner from the fund and (ii) any amounts due with respect to any other promissory notes payable to the Fund that are dated prior to the date the General Partner originally borrowed the money. The remaining unpaid balance and all unpaid accrued interest, are due and payable upon the earlier of (i) the dissolution of the Fund, or (ii) a termination of the fund pursuant to the Internal Revenue Code of 1986, as amended. See Item 8 Analysis, Investment Strategies and Risk of Loss. For risks related to the General Partner’s borrowing.

The types of other fees and expenses incurred will vary from Fund to Fund. Please refer to the Governing Documents of each applicable Fund for more complete information.

Upfront Ventures has in the past and may continue in the future to provide opportunities to co-invest with a Fund to certain third parties, which may include (without limitation) the following: Investors in the Funds (or persons or entities associated with Investors), strategic partners who can add important business development relationships or other value to portfolio companies, venture capital and other investment firms and individuals from Upfront Venture’s ecosystem, including (without limitation), domain experts, founders, entrepreneurs, strategic advisors, portfolio company executives (“Co-Investors”). In addition, Upfront Ventures has in the past and expects in the future to permit certain affiliated individuals to co-invest alongside a Fund. Co-investments may be made directly in the applicable portfolio company or through special purpose vehicles or accounts formed by Upfront

Ventures or its affiliates for purposes of co-investing and managed or controlled by Upfront Ventures or its affiliates (each, a “Co-Investment Vehicle”). A Co-Investment Vehicle is a type of Fund. With respect to a Co-Investment Vehicle, the other Fund(s) that have invested in the same portfolio company in which a Co-Investment Vehicle has invested or proposes to invest are referred to as the “Main Fund(s).” In certain cases, Co-Investors will be provided the opportunity to invest in a Co-Investment Vehicle on an advisory fee-free and carried interest-free basis. In the event that a proposed co-investment opportunity in a new or existing portfolio company of a Main Fund is not consummated but certain costs and expenses have been incurred by such Main Fund in pursuit of such investment opportunity, including (without limitation) legal, financial, travel, and other business diligence costs and expenses (“Dead Deal Costs”), such Dead Deal Costs generally will be paid solely by such Main Fund, and it is expected that any potential Co-Investors or Co-Investment Vehicle will not bear any portion of such Dead Deal Costs.

The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Governing Documents of the Funds. It should be noted that the Firm may launch any new Client with terms that are materially different from those summarized above.

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

As noted under Item 5 above, one or more Affiliated Entities may be entitled to receive carried interest distributions with respect to the Funds. The carried interest or incentive distribution is effectively equivalent to a percentage of a Fund’s net profits, subject to certain terms and conditions set forth in the Governing Documents of the Fund. Any share of Fund net profits paid to the Affiliated Entities are separate and distinct from any annual Management Fees and other fees paid or borne by the Funds.

Generally, for advisers with more than one client, differences in compensation arrangements between its clients, particularly if some clients were to pay higher performance-based compensation, could create incentives for an adviser to manage client portfolios so as to favor those portfolios of clients paying higher performance-based compensation, as could the ownership interest of the adviser and/or affiliates in some clients. Performance-based compensation may provide a possible incentive for an adviser to make riskier or more speculative investments on behalf of a client than it might make otherwise. Although Upfront Ventures manages more than one Fund with differences in compensation arrangements, Upfront Ventures believes the Funds’ investment strategies and Upfront Ventures’ policies and procedures, particularly Upfront Ventures’ investment allocation and portfolio management policies, mitigates such conflicts of interest. Upfront Ventures will allocate transactions and opportunities among the various Funds it manages in a manner it believes to be as equitable as possible, considering each Fund’s objectives, programs, limitations and capital available for investment, but even Funds with similar objectives will often have different investment portfolios. In addition, Upfront Ventures is bound by its fiduciary duties to make investment decisions in the best interest of its Funds. In general, Upfront Ventures attempts to address any material conflicts through full and fair disclosure in the applicable Governing Documents and this Brochure.

The Firm has developed policies to address conflicts of interest that may exist with respect to the allocation of investments, which are described in further detail in Items 11 and 12. In addition, conflicts of interests may be brought by the General Partner to the LP Advisory Committee of a Fund (the “LPAC”). For Funds with an LPAC, the LPAC consists of between three to seven representatives of the limited partners (and/or investors in any feeder or parallel entity) designated by the General Partner, other than affiliates or members of the General Partner.

The General Partner, the Firm and/or their executives and affiliates are generally expected to commit at least 1% of aggregate Capital Commitments (and in some cases significantly more) to Funds (the “Sponsor Commitment”). The Sponsor Commitment may not be subject to the Management Fee and will not be subject to the carried interest or a late-entry interest charge.

## **Item 7: Types of Clients**

Currently, Upfront Ventures provides investment advisory services solely with respect to affiliated private pooled investment vehicles and co-investment vehicles, its sole advisory clients. Investors in the Funds must abide by the terms of their respective Fund’s Governing Documents, including executing a limited partnership agreement, subscription agreement and/or other appropriate instruments, pursuant to which they agree to be bound by the terms and provisions thereof. Upfront Ventures may in the future provide investment advisory services to additional funds, including, but not limited to, other private investment funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and include, among others, high net worth individuals, banks, fund-of-funds, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities. In some cases, the Funds may accept “accredited investors” who do not meet the definition of “qualified purchasers” including knowledgeable employees and other individuals.

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

As discussed in Item 4 and in each Fund’s Governing Documents, Upfront Ventures seeks to accomplish its Funds’ investment objectives by investing in early stage and later-stage privately held technology enabled companies. The size and nature of investments in such companies will be varied, and the Funds invest at all stages of a company’s development from seed stage to later stage.

Upfront Ventures invests in technology-enabled businesses in the consumer and enterprise sectors that have the capacity to grow and scale quickly. Upfront Ventures’ investments focus on various defined areas, including but not limited to information technology, software, computer vision, marketing automation, cyber-security, robotics, applied biology, eCommerce, marketplaces and gaming to name a few. Upfront Ventures anticipates that significant new technology and other developments will emerge in new spaces over time and anticipates investing in such sectors. Upfront Ventures works closely with each company in which the Funds invest.

The strategies that Upfront Ventures employ entail a significant degree of risk and could result in substantial losses under certain circumstances. Accordingly, an investment in a Fund managed by Upfront Ventures should be undertaken only by investors capable of evaluating and bearing the risks of the investment. Please refer to the Governing Documents of the applicable Fund for more complete information on the investment strategies employed by such Fund and corresponding risks associated with such investment strategies. Below are summaries of certain of those risks.

*Long-Term Nature of Portfolio Investments.* A significant period will typically elapse before any Fund has completed its investment program. Investments often take many years from the date of initial



investment to reach a state of maturity when realization of the investment can be achieved. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for several years after the initial investment. Prior to such time, there generally will be no current return on the investments.

*Risk of Loss.* No guarantee or representation is made that the Funds' investment programs, including, without limitation, the Funds' investment objectives, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past results are not necessarily indicative of future performance.

*Contingent Liabilities on Disposition of Investments.* In connection with the disposition of its investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of any such company typical of those made in connection with the sale of a business. Such Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate (or if representations or covenants made by the company are inaccurate or breached). These arrangements may result in the incurrence of contingent liabilities for which such Fund's general partner may establish reserves and escrows. In that regard, a distribution of proceeds that might otherwise be made would likely either be delayed or withheld until such reserves are no longer needed or such escrow is released. If any such distribution is made in lieu of being delayed and withheld and such representations prove to be inaccurate, the Investors in such Fund could be required to return such distribution to such Fund as provided in its Governing Documents.

*General Economic and Market Conditions.* The success of the Funds' activities will be affected by general economic and market conditions, such as global and local economic growth, interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations), and more recently in 2020, a pandemic (i.e. coronavirus). These factors may affect the level and volatility of the prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial positions that can be adversely affected by the level of volatility in the financial markets.

*Financial Market Fluctuations.* Fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally would also increase the risks inherent in the Funds' investments. The ability of portfolio companies to obtain financing for ongoing operations or expansions is also affected by economic and market conditions. For example, a tightening of credit markets or increase in interest rates would potentially impact the growth of portfolio companies. The Funds principally invest in securities of private companies without an active trading market. Traditional exit opportunities for funds such as the Funds have consisted primarily of initial public offerings and acquisitions of portfolio companies by publicly traded companies, often for stock. The ability of the Funds to sell securities and realize investment gains depends, not only on portfolio companies and their historical results and prospects, but also on favorable market and economic conditions. Initial public offering and merger and acquisition opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In addition, general fluctuations in the market prices of securities will affect the value of the

investments held by the Funds. Either the lack of favorable market conditions or a highly volatile market could result in substantially lower liquidation values and/or substantially longer periods before liquidity is achieved and could reduce the internal rate of return (“IRR”) achieved by the Funds.

*Private Investment Funds.* The legal, tax and regulatory environment worldwide for private investment funds and their managers is evolving. Changes in the regulation of private investment funds, their managers and their trading and investing activities may have a material adverse effect on the ability of the Funds to pursue their investment programs and the value of investments held by the Funds.

*Certain Litigation Risks.* The Funds are subject to a variety of litigation risks, particularly due to the substantial likelihood that one or more portfolio companies will face financial or other difficulties. The Funds may also participate in portfolio company financings at implicit valuations lower than valuations implicit in preceding rounds of financing. Legal disputes involving the Funds or the applicable general partners may arise from the foregoing activities (or any other activities relating to the operation of the Funds or the applicable general partners) and could have a significant adverse effect on the Funds. The Firm reviews many investment opportunities for the Funds that do not result in an investment by any Fund. The Funds and their general partners may face litigation (or otherwise become involved in legal proceedings, e.g., as the recipient of a third-party subpoena) with respect to companies that were considered for investment by such Funds (and with respect to which such Funds or their general partners may have received information), but in which such Funds did not ultimately invest. This may result in costs or other liabilities for the Funds even though the Funds will not benefit from any investment in such company.

*No Registration.* The portfolio funds will not be registered as investment companies under the Investment Company Act of 1940 (the “1940 Act”) and, therefore, the Funds will not be entitled to the various protections afforded by the 1940 Act with respect to its investments in portfolio funds. Accordingly, the provisions of the 1940 Act, which, among other things, require investment companies to have securities always held in custody in segregated accounts and regulate the relationship between the investment company and its asset management, are not applicable to an investment in the portfolio funds. Unlike registered investment companies, portfolio funds generally are not obligated to disclose the contents of their portfolios. This lack of transparency may make it difficult for Upfront Ventures to monitor whether holdings of the portfolio funds cause the Funds to be above specified levels of ownership in certain asset classes. Although the Fund expects to receive information from each portfolio fund regarding its investment performance on a regular basis, in most cases there is little or no means of independently verifying this information. A portfolio fund may use proprietary investment strategies that are not fully disclosed to its investors and may involve risks under some market conditions that are not anticipated by the Funds.

*Risk Inherent In Venture Capital Investments.* The types of investments that the Fund anticipates making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that a Fund will be adequately compensated for risks taken. A loss of an investor’s entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in a Fund’s term, while successes often require a long maturation.

Early-stage and development stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing, which may not be available through institutional private placements or the public markets. In addition, the markets that such companies target are highly competitive and in many cases the

competition consists of larger companies with access to greater resources. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

*Fund Leverage.* The Funds generally are permitted to borrow money (including by utilizing a capital call line of credit or other lines of credit) and guarantee obligations, subject to the limitations set forth in their respective Governing Documents. Though a Fund's general partner uses such Fund's capital call line of credit primarily for administrative convenience to reduce the overall number of capital calls from the Investors and avoid having excess cash on hand, each Fund's net IRR (at both the fund and investor levels) is expected to be higher than it would be in the absence of such capital call line of credit, since each Fund's net IRR will be based on the time investor contributions are actually made and use of the capital call line of credit will delay such contributions. Co-Investment Vehicles are less likely to have borrowing capability and will benefit from the use of a Fund's subscription line without compensating the Fund or the Investors for the Fund providing any guarantees or related costs, expenses, or liabilities.

Any material indebtedness of a Fund could limit the Fund's ability to respond to changing business conditions. Any agreements relating to any leverage that a Fund is permitted to enter into with the Fund's creditors, including indentures, credit agreements and inter-creditor agreements and other agreements will affect the way that the Firm manages the Fund and the Fund's investments, imposing operating and financial restrictions on the Fund. Therefore, if indebtedness is obtained, no assurance can be given that a Fund will be able to take advantage of favorable conditions or opportunities as a result of covenants under any such indebtedness or that additional debt or equity financing will be available when needed or, if available, will be obtainable on terms that are favorable to the Fund.

The use of leverage has certain cash management and other advantages but it also exposes the Funds and their assets to certain risks, including risk of loss if a Fund defaults under a credit or loan facility. The use of lines of credit may affect the timing of capital contributions, which, as noted above, is relevant for determining a Fund's net IRR at both the fund and investor levels. A Fund (and indirectly its Investors) bears any interest expense, fees or other costs in connection with any such capital call or other line of credit maintained by such Fund, which reduces such Fund's profits. The capital call lines of credit provide the lender with certain rights, which often include, among others, the right to call capital from the Investors in the event of a default and, in the event of a failure by an Investor to fully fund its capital contributions to the applicable Fund when due, the right to exercise certain default remedies directly against such Investor. Each Fund's capital call line of credit may also include restrictions on Investors' rights to transfer their interests in such Fund, which may in certain cases require prior approval from the lender. Other lines of credit for a Fund may impose similar restrictions and require the applicable General Partner to provide the lender with other rights, including but not limited to a security interest in the portfolio investments of such Fund. Use of credit facilities by a Fund also subjects such Fund (and its Investors) to certain risks, including risk of loss if such Fund defaults on its obligations and subordination of distributions by such Fund to such Fund's obligations to a lender. There can also be no assurance that a Fund will have sufficient cash flow to meet its debt service obligations. As a result, a Fund's exposure to losses may be increased due to illiquidity of its investments generally.

*Portfolio Company Leverage.* The Funds' portfolio companies may borrow without any limitation imposed by the Governing Documents. In the case of certain investments, particularly growth venture investments, this may include borrowing by portfolio companies as part of the transaction in which a Fund invests in such companies. While leverage presents opportunities to increase a Fund's total return from its investment in such portfolio companies, it also has the effect of potentially increasing losses. If income and cash flow of such portfolio companies are less than the required interest payment on the borrowings, the value of such portfolio companies, and thus of such Fund's investment, will likely decrease or such Fund could suffer a total loss. Lenders often impose restrictive financial and operating covenants on portfolio companies that are leveraged. Accordingly, any event that adversely affects the value of an investment by a Fund would be magnified to the extent that a portfolio company is leveraged. It may also be necessary from time to time for a leveraged portfolio company to seek refinancing or restructuring of its debt financing, and there can be no assurance that any needed refinancing or restructuring will be available on terms that are favorable to a Fund's investment in the portfolio company. The Funds may, subject to certain limitations in the Governing Documents, guarantee the indebtedness of their portfolio companies. In such case, if a portfolio company's cash flow is insufficient to cover its debt obligations, the guaranteeing Fund may be called upon to fund all or a portion of such portfolio company's debt obligations to satisfy such guarantee. This would reduce the amount of capital such Fund has available for other purposes and could adversely affect returns to the Investors in such Fund.

*General Partner Borrowing.* Certain of the Funds lend money to the General Partner and earn interest on such borrowing in order to facilitate investment by the General Partner into the Funds as detailed in each applicable Fund's Governing Documents. There are many factors that could affect the General Partner's ability to repay the loan, and so there can be no guarantee that the General Partner will pay back all or even any portion of the amount borrowed from the Funds.

*Limited Portfolio Diversification.* As is typical of venture capital firms, the portfolio holdings of the Funds will not be broadly diversified. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to Investors by the Funds.

*Truncated Due Diligence for Certain Investments.* While the Firm conducts a robust due diligence process, there are instances where the due diligence process may be truncated and expedited. For example, a significant portion of the assets of certain Funds will be invested in seed investments in recently formed businesses. There are often several factors which necessitate an accelerated timeline to close a seed investment, including (without limitation): (i) the investing Fund may be one of several Co-Investors making an investment as opposed to its more traditional single lead or co-lead investor role; (ii) there may be increased competition from other potential investors associated with closing the investment on a shortened timeline; and (iii) the Firm may desire to seek to accommodate the requests of founders and the capital needs of a start-up business which often requires capital in a timely manner. Because of such factors, and because an initial seed investment generally is much smaller than a traditional Series A or B investment, a full due diligence review process is neither practical nor warranted in connection with a seed investment. In these situations, the Firm generally will truncate and expedite its typical diligence and investment process. As with seed investments, certain other early venture and certain growth venture investments may sometimes involve a truncated and expedited investment process compared to the Firm's typical process. Among other reasons for deviation from the normal process for certain early venture and growth venture investments, the Fund(s) may be one of several Co-Investors (another one of which may be leading the investment round) and/or there may be increased competition from other co-investors associated with closing the investment on a shortened timeline.

*Limited Control.* The Funds' investments will typically represent minority positions in portfolio companies (or positions in which disproportionate voting control (relative to economic ownership) remains with such portfolio companies' founders and other investors in such portfolio company), and, although a Fund may have representatives that serve on the boards of directors, the Funds will not typically have the power to exert significant control over such portfolio companies' boards of directors and management. While certain rights will generally be sought to protect the Funds' interests, these rights often will not permit a Fund to cause a portfolio company to take actions that the Firm believes would maximize the value of such Fund's investment, or refrain from taking actions that the Firm believes would impair the value of such Fund's investments. In addition, when a Fund holds a minority position in a portfolio company, such Fund may also have limited information rights with respect to such portfolio company and, as a result, will receive less information regarding such portfolio company than some or all of its other equity holders. As a result of the foregoing, a Fund relies significantly on the existing management and boards of directors of such companies, which many times consists of a small group of unseasoned managers and representatives of other investors with whom such Fund is not affiliated, and whose interests or views may conflict with the interests of such Fund. This is especially true in the case of seed investments and certain growth venture investments (particularly those in companies where there are pre-existing institutional investors) where the applicable Fund may have less active involvement with the portfolio company, no representative on the board of directors, fewer protective provisions (e.g., limited information rights and less (or no) dilution protection) and/or a smaller ownership stake in the portfolio company. To the extent that the management of a portfolio company performs poorly, or if a key manager of a portfolio company terminates employment, a Fund's investment in such portfolio company could be adversely affected.

*Investment In Companies Dependent Upon New Scientific Developments and Technologies.* The Funds focus a significant portion of their investing in technology companies. The value of the Funds' interests may be susceptible to factors affecting the technology industry and to greater risk than an investment in a fund that invests in a broader range of securities. The specific risks faced by such companies include:

- Rapidly changing science and technologies;
- Products or technologies that may quickly become obsolete;
- Exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals;
- Scarcity of management, technical, scientific, research and marketing personnel with appropriate training;
- The possibility of lawsuits related to patents and intellectual property; and
- Rapidly changing investor sentiments and preferences with regard to technology sector investments (which are generally perceived as risky).

*Regulatory and Enforcement Risks.* Regulation of the venture capital and private equity industry, including regulation applicable to managers of private investment funds such as the Firm, has increased significantly in recent years and is expected to continue to increase. Additional regulation is likely in the future. Compliance with regulations requires significant time and effort from the Firm and Firm personnel. As a registered investment adviser or for other reasons, the Firm or its Affiliated Entities and personnel may from time to time be subject to regulatory inquiries, examinations, investigations

or enforcement actions that require significant time and attention from Firm personnel, including senior personnel, and that could distract from the management of the Funds' affairs. Enforcement actions and any resulting sanctions that have an adverse effect on the Firm or such Firm personnel could in turn have an adverse effect on the Funds. In certain cases, a Fund itself could become subject to regulatory investigation or enforcement actions that could involve significant cost to such Fund or otherwise adversely affect such Fund.

*Reliance On The General Partner.* The General Partner of a Fund will have sole discretion over the investment of the capital committed to the Fund as well as the ultimate realization of any profits. As such, the pool of capital in a particular Fund represents a blind pool of capital. Investors in a Fund will be relying on the General Partner to conduct the business as contemplated by the Governing Documents. The loss of one or more principals of the General Partner could have a significant adverse impact on the business of a Fund. No assurances can be given that each of such principals will continue to be affiliated with the Fund throughout its term. Notwithstanding any prior experience that such principals may have in making investments of the type expected to be made by the Fund, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the principals of the General Partner will be able to duplicate prior levels of success.

*Availability of Investment Capital.* Early-stage investments often require several rounds of capital infusions before the portfolio company reaches maturity. If a venture capital investor does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the face value of the venture investor's original investment. Although it will be each Fund's policy to maintain sufficient liquidity to allow it to participate in follow-on rounds of financings, each Fund does not intend to provide all necessary follow-on financing. Accordingly, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Funds. Furthermore, each Fund's capital is limited and may not be adequate to protect a Fund from dilution in multiple rounds of portfolio-company financing.

*Reserves.* The General Partner of a Fund will establish reserves for follow-on investments by such Fund in portfolio companies, operating expenses (including advisory fees), liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the Investors. If a Fund's reserves are inadequate, such Fund would likely be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with "pay-to-play" or similar provisions. If a Fund's reserves are excessive, such Fund may decline attractive investment opportunities and fail to invest a significant portion of a Fund's committed capital. Further, the allocation of investment opportunities among the Funds depends in part on their respective reserves at the time of allocating the opportunity, possibly resulting in lower returns if any of such reserves were later determined to be inadequate or excessive. A Fund's reserves could turn out to be excessive in part as a result of a follow-on investment in a company for which such Fund was reserving capital being made by another Fund.

*Availability of Financial Information.* Private companies often offer limited access to obtaining current, detailed financial statements or other financial performance metrics on a regular basis.

*Valuation of Assets and Liabilities Generally.* There is generally no actively traded market for most of the securities owned by the Funds. The Funds' assets and liabilities are valued in accordance with Upfront

Ventures' valuation policy, which may be amended from time to time. When estimating fair value, Upfront Ventures will apply a methodology based on accounting guidelines and its best judgment that is appropriate in light of the nature, facts, and circumstances of the investments. The valuation of any asset or liability involves inherent uncertainty. The value of an asset determined in accordance with the valuation policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons. Third-party pricing information may at times not be available regarding certain assets held by the Funds. Uncertainties as to the valuation of portfolio positions could also have an impact on the net asset value of the Funds if the judgments of Upfront Ventures regarding the appropriate valuation should prove to be incorrect.

*Change in Laws and Regulations.* The Funds and their investments may be sensitive to changes in law or regulation, particularly those regarding rights and remedies available to holders of certain securities. Changes in law or regulation could severely limit the availability of investments for the Funds or affect the value of their investments or the amount of time it takes for the Funds to acquire and dispose of their investments. The effect of changes in law or regulation may be difficult to predict and may occur at any time.

*Competition. Availability of Investments.* Certain markets in which the Funds may invest may be competitive. As a result, there can be no assurance that Upfront Ventures will be able to identify or successfully pursue attractive investment opportunities in such environments. Further, the Funds' investment strategies and performance may be affected by the number of other investors pursuing similar strategies. Additionally, when other investors pursue similar strategies, Upfront Ventures' ability to influence investment outcomes may be affected.

*Material, non-public information.* From time to time, the Firm will come into possession of material, non-public information that would limit the Funds' ability to buy and sell investments under applicable securities laws. Alternatively, the Firm may decline to receive material nonpublic information which it might otherwise receive to avoid investment restrictions, even though access to such information might have been advantageous to one or more Funds and other market participants are in possession of such information. A Fund's investment flexibility may be constrained as a consequence of the Firm's inability to use such information for investment purposes.

*Systems and Operational Risk.* Upfront Ventures and the Funds rely heavily on certain financial, accounting, data processing and other operational systems and services that are employed by Upfront Ventures and/or by third-party service providers, including legal service providers, a third-party administrator and others. Many of these systems and services require manual input and are susceptible to error. These systems or services may be subject to certain defects, failures or interruptions.

*Absence of Liquidity and Public Markets.* Upfront Venture's investments are generally private, illiquid holdings. As such, there is no public market for the securities held by the Funds and no readily available liquidity mechanism at any particular time for any of the investments held by the Funds. In addition, the realization of value from any investments will not be possible or known with any certainty until Upfront Ventures elects, in its sole discretion, to sell the Funds' investments and subsequently distribute the proceeds to the Investors or to distribute securities to the Investors in lieu of cash.

*Failure of Counterparties to Perform Obligations.* In its ordinary course of business, the Firm relies on various counterparties, which include, but is not limited to, brokers, dealers, banks, custodians, and administrators ("Counterparties"). These Counterparties, with which the Firm does business and on behalf of a Fund, may, from time to time, default on their obligations with or without notice. Such defaults include, but are not limited to, a Counterparty's bankruptcy, insolvency, or other failure. A Counterparty's default on their obligations may impact the Firm's or the Fund's ability to conduct its

business in the ordinary course. There is a risk of loss of assets on deposit at the Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organization stepped in to make depositors whole over their excess deposits at select Counterparties, which may or may not have a current or prior relationship with the Firm or the Fund, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable. In the event of a Counterparty's default, the Firm will work diligently to access its capital and take actions it deems appropriate while acting in the best interest of the Fund. However, the Firm's access to capital is subject to a variety of external factors that are outside of the Firm's control, including the timing of default, a government agency's or other organization's actions, including the timing of the Counterparty's closure, ability to liquidate the Counterparty's assets, or to effect the Counterparty's sale or dissolution, unforeseeable economic factors or market conditions, and the Counterparty's technology infrastructure operating as intended to facilitate access. Furthermore, the Firm's ability to access capital may have an impact on the Firm's and the Fund's ability to conduct operations in the normal course including, but not limited to paying expenses, funding investment opportunities resulting in delayed or missed opportunities, and calling capital from or making distributions to limited partners. Deposits concentrated at one or a limited number of Counterparties may amplify these risks.

*Inflation.* A Fund's performance may be adversely affected by inflationary conditions in any market in which the Fund operates or in which its investments are located. Deterioration in economic conditions, or a significant rise in inflation, could cause a decrease in the relative value of any fixed income investments (or similar investments with fixed rates of return), bankruptcy and insolvency filings to increase, and the ability of borrowers to pay their debts or counterparties to satisfy their obligations could be adversely affected. This may in turn adversely impact a Fund's business and financial results. If global credit market conditions and the stability of global banks deteriorate, the amount of lending and financing could be reduced, thus reducing the volume of investments available for purchase, which could adversely affect a Fund's business, financial results, and ability to succeed in various markets. Other factors associated with the economy that could influence a Fund's performance include the financial stability of the lenders on any bank loans and credit facilities and a Fund's access to capital and credit. Furthermore, inflationary pressures may result in the reduction of the value and relative performance of a Fund's portfolio companies.

*Acts of God and Geopolitical Risks.* Risk of Epidemics and Pandemics. The performance of the Firm's Clients could be impacted by acts of God or other unforeseen and/or uncontrollable events (collectively, "Disruptions"), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions. The extent of the impact of any such Disruptions on Upfront, its Clients, and any underlying portfolio company's operational and financial performance will depend on many factors, including the duration and scope of such Disruptions, the extent of any related travel advisories and restrictions implemented, the impact of such Disruptions on overall



supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its interference with important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A Disruption may materially and adversely impact the value and performance of any investment, Upfront's ability to source, manage and divest investments, and Upfront's ability to achieve its Clients' investment objectives, ultimately resulting in significant losses to Clients and investors. In addition, there is a risk that a Disruption will significantly impact the operations of Upfront, its Clients, and their underlying portfolio companies, or even temporarily or permanently halt their operations.

*Cybersecurity.* Upfront Ventures and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, global pandemics, hurricanes and earthquakes. A cybersecurity breach could expose both Upfront Ventures and its Funds to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability and regulatory inquiry or action. In addition, any such breach could lead to substantial withdrawals from a Fund. While Upfront Ventures has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, Upfront Ventures and the Funds cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Funds and/or the issuers in which the Funds invest.

The risks described above are not a complete list of all risks associated with the Funds' investment strategies. In addition, as a Fund's investment program develops and changes over time, an investment in such Fund may be subject to additional and different risk factors.

#### **Item 9: Disciplinary Information**

Upfront Ventures and its management persons have not been involved in any legal or disciplinary events that are material to an Investor's evaluation of Upfront Ventures' investment advisory business or the integrity of Upfront Ventures' management.

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

Neither Upfront Ventures nor any of its management persons is registered or has an application pending to register as (i) a broker-dealer or a registered representative of a broker-dealer or (ii) a futures commission merchant, a commodity pool operator, a commodity trading adviser or associated person of the foregoing.

Affiliated Entities. The Firm and the Affiliated Entities serve as general partner, manager, managing member or investment manager with respect to one or more of the Funds. While the Firm and the Affiliated Entities have been organized as separate legal entities, they collectively conduct a single investment advisory business. Accordingly, each Affiliated Entity relies and/or will rely on the Firms' investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act.

Each Affiliated Entity will be subject to the Firms' compliance policies and procedures and, except as the context otherwise requires, any reference in this brochure to Upfront Ventures includes both the Firm and the Affiliated Entities.

Upfront Ventures has no material relationships or 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 (other than the General Partners and Relying Advisers) that sponsors or syndicates limited partnerships that are material to its advisory services, the Funds or the Investors.

As described in Item 4, Upfront Ventures is affiliated with the Funds' General Partners. The Firm and Relying Advisers serves as the investment manager to the Funds, and each General Partner is the general partner of, and receives carried-interest-based compensation from, its respective Fund.

Employees and advisers of Upfront Ventures may serve as directors and officers of certain portfolio companies, and in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders, including the Funds. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the same best interests of the Funds that are shareholders, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individuals' duties as an employee or adviser of Upfront Ventures and such individuals' duties as a director or officer of such portfolio company.

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

Upfront Ventures has adopted an Employee Handbook containing a Code of Ethics (the "Code") that is designed to meet the requirements of Rule 204A-1 of the Advisers Act. Upfront Ventures' Code covers standards for business conduct, confidentiality of client information, personal trading limitations, preventing against insider trading, reporting of personal securities transactions, social media policies, political contribution policies and restrictions on gifts and business entertainment items, among other things.

The Code applies to all Upfront Ventures' supervised persons and sets forth a standard of business conduct that takes into account Upfront Ventures' fiduciary duty as an investment adviser to its Funds. The Code requires Upfront Ventures supervised persons to comply with applicable federal securities laws, and to promptly bring any violations of the Code to the attention of Upfront Ventures' Chief Compliance Officer. All supervised persons are provided with a copy of the Code and are required to acknowledge receipt and understanding of the Code on at least an annual basis.

All Upfront Ventures supervised persons must provide an initial list of personal securities accounts and holdings. Thereafter, Upfront Ventures requires its supervised persons to report their securities transactions on a quarterly basis and to disclose their securities holdings on an annual basis. The Code also includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. Such policies and procedures generally prohibit Upfront Ventures and its supervised persons from trading for the Funds or themselves in securities of an issuer while in possession of material, non-public information about the issuer. Violations of the Code may result in remedial actions, including, but not limited to, fines, censure, suspension or termination.

Upfront Ventures maintains a restricted list that includes issuers and securities with respect to which supervised persons generally are not permitted to trade without the prior approval of the Chief Compliance Officer. The restricted list may include, for example, an issuer about which Upfront Ventures or one or more of its personnel may have acquired, or may otherwise be in possession of, material, non-public information. Upfront Ventures has also adopted policies and procedures relating to gifts and entertainment, political contributions and other potential material conflicts of interest.

Upfront Ventures and its affiliates, principals, and employees may 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 vehicles that may differ from advice given to, or securities recommended or bought for, the Funds or other clients, even though their investment objectives may be the same or similar. Upfront Ventures and its affiliates may from time to time cause the Funds to enter into transactions and/or arrangements involving actual or potential conflicts of interest. Upfront Ventures and its affiliates generally review any such transactions or arrangements involving material conflicts of interest and take such actions as they deem appropriate or necessary under the circumstances in an attempt to ensure that the overall terms of such transactions or arrangements are fair and equitable under the circumstances.

Upfront Ventures will provide a copy of its Code to any existing or prospective Investor upon request by email to [compliance@upfront.com](mailto:compliance@upfront.com).

Investors increasingly expect to make investments in private investment funds on customized terms. Upfront Ventures and its related entities often negotiate customized terms with investors via written agreements, which are referred to as “side letters,” in connection with the formation of the applicable Funds. A side letter typically relates solely to an investor’s interest in a single Fund and allows the investor to make its investment in the Funds on terms that are different from, and usually more favorable than, those set forth in the relevant Governing Documents. These customized terms typically result in preferential treatment potentially with respect to, among other things:

- the economic terms, including reduced or modified management fees and/or carried interest;
- the offering of co-investment opportunities;
- the ability to opt out of investments;
- the reporting or notice obligations of the applicable Fund;
- consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the applicable Funds;
- the right to transfer interests in the Funds;

- the right to withdraw from the applicable Funds in the event of adverse tax or regulatory events;
- the right to appoint a representative or observer to the advisory committee of the applicable Funds, if applicable;
- additional confidentiality protections or waiver of existing confidentiality obligations;
- the right to disclose certain information to underlying investors or to the public;
- the investor-specific information or documentation that the applicable Funds would otherwise provide to lenders, other financing sources or other third parties;
- structuring rights with respect to certain types of investments; or
- any other terms, whether economic, procedural or otherwise.

Upfront Ventures will consider many factors in deciding whether to accord investors in the Funds customized terms via a side letter and are more likely to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the Funds or that are anticipated to be important to future fundraising campaigns;
- investors that have a broader strategic relationship with Upfront Ventures;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting other criteria Upfront Ventures considers reasonable in its discretion.

In general, no investor has any rights under the side letters of other investors. Certain of the side letters, however, include a “most-favored nation,” or “MFN,” clause whereby an investor automatically on election receives certain rights and benefits granted in certain other side letters with respect to the Funds. Side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

Pursuant to the applicable Governing Documents, an advisory committee may be established with respect to a Fund consisting of representatives of independent investors of such Fund. An advisory committee generally has or will have the authority to consider and, on behalf of the Fund and its investors, approve or disapprove (to the extent required by applicable law, the Governing Document or by Upfront Ventures or its affiliate) related party transactions, principal transactions, certain transactions or arrangements involving actual or potential conflicts of interest, matters requiring client consent under Section 206(3) of the Advisers Act, and any other matters that the General Partner of the Fund elects to present thereto. Any consent or approval provided by the advisory committee on behalf of a Fund in good faith will be binding on the Fund and its investors.

In connection with its investment activities, Upfront Ventures encounters situations in which it must determine how to allocate investment opportunities among various Funds and other persons, which may include, but are not limited to, the following:

- the Funds;
- any Co-Investment Vehicles that have been formed to invest side-by-side with one or more Main Funds in all or particular transactions entered into by such Main Fund(s) (the investors in such Co-Investment Vehicles may include one or more Co-Investors);
- Co-Investors or Firm personnel that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- other third parties acting as “co-sponsors” with Upfront Ventures with respect to a particular transaction.

Each Fund is generally subject to provisions in its Governing Documents that prescribe what such Fund may invest in (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain Funds. To the extent the Investment Allocation Requirements of a Fund either do not include specific allocation procedures or allow the Firm discretion in making allocation decisions among and across the Funds, the Firm will follow the process set forth below.

In general, the Firm first determines which of the Funds are eligible to participate in a new investment opportunity (i.e., an opportunity to invest in a portfolio company in which no Fund has an existing investment) or a follow on investment opportunity (i.e. an opportunity to invest in a portfolio company in which a particular Fund already has an existing investment). The Firm assesses whether such investment opportunity is appropriate for a particular Fund based on such Fund’s investment objectives, strategies, and structure as set forth in such Fund’s respective Governing Documents.

Once the Funds that are eligible to participate in a particular investment opportunity have been identified, the Firm, in its sole discretion, will decide how to allocate such investment opportunity among the identified Funds on a case-by-case basis, subject to any requirements of the Governing Documents of the relevant Funds, taking into account some or all of a wide range of factors, including, but not limited to:

- each Fund’s investment objectives and investment focus;
- the amount of each Fund’s available cash and reserves;
- diversification considerations;
- the amount of capital that each Fund has available for new portfolio company investments as well as projected future capacity for investment;
- the nature, size, and location of the portfolio company;
- the nature and size of the opportunity (including projected follow-on investment requirements);
- the life cycle of each Fund (and, in the case of a new fund and its predecessor fund, any desire of the Firm to use the remaining available capital for the older of the Funds first);
- each Fund’s investment period;
- each Fund’s target rates of return;
- the stage of development of the prospective portfolio company or other investment and the anticipated holding period for such investment;
- portfolio construction and composition matters with respect to each Fund;
- the availability or anticipated availability of other suitable investments for the Funds;

- investment size requirements (including maximums and minimums);
- legal, tax or regulatory considerations;
- any investment restrictions in the Governing Documents of each Fund; and
- such other factors that Upfront Ventures considers to be relevant.

An investment opportunity may be offered to one eligible Fund to the exclusion of other eligible Funds or may be offered to one or more (but not necessarily all) eligible Funds for co-investment. Any sharing of an investment opportunity among eligible Funds will be determined by Upfront Ventures on a case-by-case basis and would not necessarily be pro rata relative to the respective capital commitments (or remaining unfunded capital) of each such Fund. There can be no assurance that the application of the Investment Allocation Requirements and factors set forth above will result in a Fund participating in all investment opportunities that fall within its investment objectives.

A Fund will, from time to time, invest in opportunities that other Funds have declined, and likewise, a Fund will, from time to time decline to invest in opportunities in which other Funds have invested. In addition, Upfront Ventures personnel may participate directly or indirectly in investments made by the Funds. Such interests will vary Fund-by-Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

In certain instances, Upfront Ventures may cause a Fund to purchase investments from another affiliated Fund, or may cause a Fund to sell investments to another affiliated Fund. In connection with such transactions, Upfront Ventures and/or its professionals may

- have significant investments or intentions to invest in the affiliated Fund that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment).

The Firm and its Affiliated Entities may receive management or other fees in connection with its management of the relevant Funds involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the Funds. Upfront Ventures and its professionals would be presented with certain conflicts of interest in effecting these transactions. To address these conflicts of interest, Upfront Ventures will seek to cause a Fund to engage in such transactions only if it determines that the terms and conditions of such transaction are substantially as advantageous to such Fund as the terms it would obtain in a comparable arm's-length transaction with a third party.

## **Item 12: Brokerage Practices**

Upfront Ventures focuses on making investments with other private fund managers and in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer in the public markets, and commissions are not ordinarily payable in connection with such investments. To the limited extent Upfront Ventures transacts in public securities (e.g. securities held as a result of initial public offerings of portfolio companies) it intends to select brokers based upon the broker's ability to provide best execution for the Funds. Upfront Ventures is generally authorized to make the

following determinations, subject to the Funds' investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; (4) the timing and amount of any such acquisitions or sales and (5) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the Funds, Upfront Ventures will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although Upfront Ventures generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Upfront Ventures does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to Upfront Ventures' own research effort. To the best of Upfront Ventures' knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. Upfront Ventures does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services. In addition, Upfront Ventures believes that any information received from a broker-dealer is consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934.

### **Item 13: Review of Accounts**

The portfolio investments of the Funds are generally private, illiquid and long-term in nature. Accordingly, Upfront Ventures is typically not involved in the day-to-day management of a portfolio company other than in specific and unique situations if the Fund's investment is at risk. From time to time, personnel of Upfront Ventures may serve on portfolio companies' boards of directors. The Funds' investments typically represent minority positions in portfolio companies and, although a Fund may have representatives that serve on the boards of directors, such Fund does not typically have the power to exert significant control over such portfolio companies' boards of directors and management.

Investors in the Funds generally receive quarterly and annual reports and annual audited financial statements. Each of the Funds' investors will receive annual audited financial statements (prepared in accordance with U.S. GAAP) and unaudited quarterly statements of the Funds. Investors in each Fund will receive tax information in connection with the preparation of their federal income tax returns. All reports to investors to the Funds are in writing. Upfront Ventures may provide additional information to certain investors that are not distributed to other investors in a Fund.

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

Upfront Ventures does not compensate any person for Investor referrals, nor does it receive economic benefits from any third party for providing investment advisory services to the Funds.

#### **Item 15: Custody**

Upfront Ventures will comply with the requirements of Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) with respect to the custody of Client funds and securities. Upfront Ventures and certain affiliates are deemed to have custody of some of the funds and securities of the Funds under the Custody Rule. The Firm complies with the Custody Rule by auditing its private fund vehicles in compliance with the Rule and distributing the audits within 120 days of fiscal year end or providing a surprise audit in accordance with the Rule.

Investors in certain Funds receive statements at least quarterly from fund administrators that hold or assist in maintaining Client investment assets. In such instances, Upfront Ventures urges Investors to carefully review statements and compare official custodial records to the Investor statements that Upfront Ventures provides.

#### **Item 16: Investment Discretion**

Upfront Ventures has discretionary authority to manage securities accounts on behalf of the Funds. Upfront Ventures is authorized to make transaction recommendations for the Fund, subject to the terms of the Funds’ Governing Documents. As explained in Item 4 above, the Funds’ investment objectives and restrictions are set forth in detail in the Funds’ Governing Documents. Fund Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a pooled investment fund.

#### **Item 17: Voting Client Securities**

It should be noted that Upfront Ventures generally does not trade in individual publicly traded securities. As such, Upfront Ventures does not anticipate voting proxies.

To the extent Upfront Ventures does vote proxies, Upfront Ventures understands and appreciates the importance of proxy voting. Where Upfront Ventures has discretion to vote the proxies of the Fund, it will vote any such proxies in the best interests of the Fund and Fund Investors (as applicable) and in accordance with set compliance procedures. Under certain circumstances, the Firm may abstain from voting specific proxies if it believes that doing so is in the best interests of the applicable Fund.

In cases where conflicts arise between the interests of Clients vs the interests of the Firm, the Firm will address each such conflict and seek to resolve it in a fair and equitable basis

If you would like detailed information on Upfront Ventures’ status as a voter of proxies or the manner in which any proxies were actually voted, please contact Upfront Ventures by email at: [compliance@upfront.com](mailto:compliance@upfront.com).



**Item 18: Financial Information**

Upfront Ventures does not require prepayment of Management Fees more than six months in advance.

Upfront Ventures has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Funds.