



## **AVENIR MANAGEMENT COMPANY, LLC**

817 Broadway, 12th Floor,

New York, NY 10003

Contact: (347) 614-2682

Website: <https://www.avenirgrowth.com>

## **FORM ADV PART 2A**

March 29, 2024

**This brochure provides information about the qualifications and business practices of Avenir Management Company, LLC. If you have any questions about the contents of this brochure, please contact us at (347) 614-2682 or [IR@avenirgrowth.com](mailto:IR@avenirgrowth.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 Avenir Management Company, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2. Material Changes**

Avenir Management Company, LLC filed its most recent Form ADV Part 2 on March 31, 2023. This annual amendment reflects updates to the descriptions of potential risks of investment and related potential conflicts of interest under “Methods of Analysis, Investment Strategies and Risk of Loss” and supplements existing disclosures relating to the business practices of Avenir under “Advisory Business,” “Fees and Compensation,” “Performance-Based Fees and Side-by-Side Management,” “Types of Clients,” “Other Financial Industry Activities and Affiliations”, “Client Referrals and Other Compensation”, “Custody”, “Investment Discretion” and “Financial Information”.

### Item 3. Table of Contents

	<u>Page</u>
Item 2. Material Changes.....	i
Item 3. Table of Contents .....	ii
Item 4. Advisory Business .....	1
Structure; History and Ownership .....	1
Types of Advisory Services .....	1
Assets Under Management .....	2
Item 5. Fees and Compensation.....	2
Management Fees .....	2
Carried Interest .....	3
Expenses .....	3
Item 6. Performance-Based Fees and Side-by-Side Management.....	4
Item 7. Types of Clients .....	5
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Methods of Analysis and Investment Strategies .....	5
Risks Associated with Avenir’s Investment Strategy .....	6
Conflicts of Interest .....	14
Item 9. Disciplinary Information .....	17
Item 10. Other Financial Industry Activities and Affiliations .....	17
Material Financial Industry Affiliations of Avenir .....	17
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	17
Code of Ethics.....	17
Item 12. Brokerage Practices .....	18
Item 13. Review of Accounts .....	18
Item 14. Client Referrals and Other Compensation .....	18
Item 15. Custody .....	19
Item 16. Investment Discretion.....	19
Item 17. Voting Client Securities.....	19
Item 18. Financial Information .....	19

## Item 4. Advisory Business

### Structure; History and Ownership

Avenir Management Company, LLC, a Delaware limited liability company and a registered investment adviser (the “**Adviser**”), together with its affiliates (where the context permits, including the general partners of the Funds (each a “**General Partner**” and, collectively, together with any future affiliated general partner entities, the “**General Partners**” and together with the Adviser and its affiliated entities, “**Avenir**”), provide investment advisory services to investment vehicles, special purpose and acquisition vehicles, investment vehicles that generally co-invest with such entities (“**Co-Investment Funds**”) and any future investment vehicles that Avenir may organize, including any successor fund or other future funds to which Avenir and/or its affiliates provide investment advisory services (each, a “**Fund**,” and collectively, the “**Funds**”), in each case, that are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”), and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”).

Avenir was founded in January 2017 by Andrew G. Sugrue and James M. Reynolds IV (the “**Principals**”) and currently has 16 employees. The Principals are the majority owners and the managing partners of Avenir.

### Types of Advisory Services

Avenir provides investment advisory services to the Funds. The Funds primarily target equity investments in growth companies that meet Avenir’s investment criteria and the specific investment strategy of the applicable Fund. Avenir’s investment advisory services to the Funds consist of searching for and evaluating new investment opportunities; negotiating the terms of investments; monitoring existing portfolio companies; meeting with management teams, entrepreneurs and thought leaders; and achieving dispositions of investments. Although investments are made predominantly in non-public companies, certain Funds may, from time to time, make investments in public companies. The Principals or other senior personnel of Avenir or its affiliates may, from time to time, serve on the boards of directors or otherwise act to influence control over the management of one or more portfolio companies in which the Funds have invested.

Avenir’s advisory services to each Fund are detailed in the relevant limited partnership agreement or other analogous organizational documents of such Fund (collectively, the “**Governing Documents**”). Investors in the Funds are referred to in this brochure as “investors” or “limited partners.” Investors and prospective investors in each Fund should refer to the Governing Documents of the respective Fund for information on the investment objectives and investment restrictions with respect to such Fund. The Funds and the General Partners have entered into side letters or other similar agreements (“**Side Letters**”) 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.

In addition, Avenir expects to invite other investment firms, strategic investors and others that are not affiliated with Avenir or the Funds to participate in investment transactions with the Funds (and Avenir and the Funds may be invited to participate in investment transactions being led by such other firms and investors). Please refer to each Fund’s Governing Documents and the “Conflicts of Interest” section herein for additional information.

Avenir does not participate in wrap fee programs.

## **Assets Under Management**

As of December 31, 2023, Avenir managed approximately \$1.9 billion of client assets on a discretionary basis. Avenir does not manage any client assets on a non-discretionary basis.

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

In general, Avenir or an affiliated General Partner is entitled to two types of fees from the Funds: (1) an asset-based management fee; and (2) a carried interest based upon the Fund's performance.

### **Management Fees**

The management fee payable by a Fund (other than a Co-Investment Fund) is typically 2% per year of the aggregate amount of limited partner capital commitments to the Fund during the Fund's investment period and, thereafter, 2% per year of the aggregate cost of portfolio investments not disposed of or permanently written down or written off, payable quarterly in advance. Co-Investment Funds generally do not pay management fees. The management fees received from a Fund may be subject to reduction in proportion to certain fees received from the portfolio companies in which such Fund is invested, as further discussed below. The details of whether fees are payable and how the fees are calculated can be found in the Governing Documents of each Fund, which are provided to potential investors in such Fund. Please review the fee terms set forth in the applicable Fund's Governing Documents, which may differ from the above. The management fees received from any Fund may be subject to reduction in proportion to certain fees received from the portfolio companies in which such Fund is invested, as further discussed below.

The fees described above are fees typically charged by a Fund. However, each Fund has the right to enter into agreements with one or more of its investors providing for the waiver or modification of certain terms of the Fund's Governing Documents, or certain rights and obligations of such Fund's investors, including fees, otherwise applicable to such interest(s), in each case without notice to the Fund's other investors. Avenir has agreed in the past and may in the future agree to different fee terms from those described above.

In addition to fees and compensation received from the Funds, Avenir or its affiliates may also receive fees from the companies in which the Funds invest, including investment banking fees, break-up fees, advisory fees, director fees or other similar fees in exchange for the management and financial and industry expertise Avenir provides. A portion of any such fees (net of unreimbursed expenses relating thereto) that is received by Avenir, the applicable General Partner, the Principals or their affiliates from a portfolio company is generally used to partially or wholly offset the management fee payable by the Funds invested in such portfolio company. The portion of any such fees that would otherwise be attributable to a Co-Investment Fund that does not pay a management fee is generally allocated to the Fund(s) with which such Co-Investment Fund co-invests and offsets the management fee otherwise payable by such Fund(s). Please review the applicable Governing Documents for full details.

The Governing Documents of certain Funds permit the applicable General Partners to make "cashless contributions" of capital to such Funds through waivers of the management fee otherwise payable by such Funds. Such reductions in payments by such Funds and their limited partners of management fees are treated by the Governing Documents as a capital contribution deemed made by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund in cash. If and when the Fund realizes net profits, the General Partner is entitled to receive a priority profit allocation in the amount of its deemed capital contribution, in order to enable the Fund to make a return of capital distribution to the General Partner of its deemed capital contribution amount. The deemed capital

contributions by the General Partner may not occur on the same schedule as the waivers of the management fee. As a result, the use of such cashless contributions by the applicable General Partners may result in an acceleration (or delay) of capital contributions by the limited partners of the relevant Funds. Any “cashless contributions” of the relevant General Partners will reduce the management fee payable by fee-paying limited partners of a Fund, and will generally increase the amount of profits received by the General Partner and decrease the amount of profits received by the limited partners, by a corresponding amount.

Investors will be subject to a *pro rated* management fee with respect to any subscription made other than at the beginning of a year or quarter or upon the accrual of management fees by a “successor” fund of such Fund.

## **Carried Interest**

One or more of Avenir’s affiliated General Partners are also generally entitled to receive performance-based compensation from the Funds in the form of a carried interest equal to 20% of distributions in excess of return of capital plus an 8% per annum preferred return. The preceding sentence is a simplified explanation. Please review the distribution terms of the applicable Fund’s Governing Documents for full details, which may differ from the above.

## **Expenses**

In addition to the management fee and carried interest payable to the relevant General Partner, each Fund also bears certain expenses. As more fully described in the Governing Documents, a Fund generally bears all costs and expenses incurred by, in connection with or on behalf of such Fund, including organizational expenses; legal, auditing, accounting, administration, bookkeeping, investment banking, appraisal, valuation, consulting, investment banker’s or finder’s, custody, transfer, registration or other third-party fees, costs and expenses of the Fund, the applicable General Partner and Avenir (in the case of the applicable General Partner and Avenir, accrued in connection with its responsibilities and obligations to and on behalf of, or otherwise in connection with, such Fund); all fees, costs and expenses associated with tax and other reporting to the partners of such Fund, including but not limited to the preparation and delivery of such Fund’s financial statements, tax returns, annual Internal Revenue Service Schedule K-1s and other communications; all fees, costs and expenses associated with annual and special meetings of the Fund’s limited partners or Advisory Board (including travel, car services, lodging, meals and entertainment); all fees, costs and expenses incurred in connection with the Fund’s investment activities, including but not limited to, all fees, costs and expenses (including travel, car services, lodging, meals and entertainment) associated with the identification, evaluation, negotiation, structuring and consummation of any transaction or potential transaction by the Fund, regardless of whether such transaction is subsequently consummated; all fees, costs and expenses (including travel, car services, lodging, meals and entertainment) associated with continued monitoring, evaluation and oversight of portfolio companies, to the extent not paid for or reimbursed by the portfolio company; all fees, costs and expenses (including travel, car services, lodging, meals and entertainment) associated with attending industry conferences and meetings of trade associations; all fees, costs, fees and expenses associated with purchases of or obtaining access to research services and reporting, research terminals, expert networks or other research resources; all fees, costs and expenses of or incurred by third party service providers in connection with the performance of data analytics, financial analysis, or other services supporting the Fund’s investment activities; all fees, costs and expenses of all Fund-related governmental returns, reports and filings; all commissions, appraisal fees, taxes, brokerage and other finders fees, merger fees, registration fees, due diligence and similar fees, costs and expenses associated with the acquisition, holding and disposition of the Fund’s investments; out-of-pocket costs, fees and expenses of holding or selling investments, including record-keeping expenses and the Fund’s share of the costs and expenses of establishing and maintaining any alternative investment or feeder vehicles; all fees, costs and expenses associated with any bank account, credit facility, guarantee, line of credit, loan

commitment, letter of credit or similar credit support or other indebtedness involving the Fund or any investment; all fees, costs and expenses associated with the managed distribution of securities; all fees, costs and expenses associated with actual or threatened litigation or administrative proceedings involving the Fund that are allocated to the Fund and attributable to Fund activities; all fees, costs and expenses associated with indemnification pursuant to the applicable Governing Documents; any taxes, fees or other governmental charges levied against the Fund or on its income or assets or in connection with its business or operations; premiums and fees for liability or other insurance allocated to the Fund by the applicable General Partner in good faith to protect the Fund, the applicable General Partner, Avenir, their respective affiliates, and the members, partners, directors, officers, employees or agents of the applicable General Partner and Avenir in connection with the activities of the Fund; the portion of all fees, costs and expenses allocated to the Fund by the applicable General Partner in good faith with respect to any CEO or other executive conference or similar event conducted by the Investment Manager (including travel, car services, lodging, meals and entertainment); all fees, costs and expenses associated with developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund, its limited partners or portfolio investments; all or a portion of the reasonable fees, costs and expenses of any special adviser or other similar employee of or consultant to the applicable General Partner or Avenir paid by Avenir that the applicable General Partner determines in good faith should be reimbursed by the Fund; compliance costs and expenses of the Fund, which, for the avoidance of doubt, includes complying with tax withholding and other information reporting regimes, including FATCA and similar laws or regulations but does not include costs and expenses incurred in connection with Avenir's compliance policies and procedures as required under the Adviser's Act or the preparation and filing of Avenir's Form ADV or similar regulatory filings or regulatory compliance of the General Partners and Avenir; any extraordinary fees, costs and expenses of the Fund or the applicable General Partner (including but not limited to all fees, costs and expenses associated with the winding-up and liquidating the Fund); and any other fees, costs and expenses as approved by the Fund's Advisory Board.

Excluded from Fund expenses, as more fully described in the Governing Documents, are all customary operating overhead expenses of Avenir, the General Partners and the Funds, including, without limitation: formation and organization of Avenir and the General Partners; salaries and benefits of employees of Avenir or the General Partners; rent; office furniture; fixtures; computer equipment; supplies; utilities; printing; stationery; compliance costs of Avenir and/or the General Partners which are not directly related to a Fund; and any placement agent or similar fees incurred in connection with the offer, sale and/or syndication of interests in the Funds.

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

As described under "Fees and Compensation," the relevant General Partner generally receives a carried interest allocation on certain profits in certain of the Funds, subject to various threshold provisions as described in detail in each Fund's Governing Documents. To the extent that certain Funds have varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Avenir personnel receive varying percentages of carried interest from the Funds, Avenir and such personnel are subject to potential conflicts of interest generally in allocating time, services, or functions or to the extent they are involved in identifying investment opportunities or disposing of positions in existing portfolio companies for Funds relative to which they are entitled to receive a higher or lower carried interest percentage.

Avenir seeks to address the potential for conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents. For example, each Fund has separate investment objectives and investment restrictions which Avenir is required to follow; as a result, certain investment opportunities may be appropriate for certain Funds and not appropriate for other Funds. The Governing Documents generally provide for the allocation of investment opportunities amongst the Funds (e.g., the Funds have access to all opportunities before they are made available to co-investors). If more than one Fund qualifies for participation in the purchase of a specific security or investment opportunity, Avenir will generally allocate the securities among the Funds for which the investment opportunity is appropriate by applying such considerations as Avenir deems appropriate, including relative size of the clients, amount of available capital, size of existing positions in the same or similar investments, leverage and tax considerations and other factors, without regard to Avenir's own interests.

Because Avenir generally seek investments that are too large for the Funds to invest in alone, it invites individuals and entities with which it has relationships (including members of its investment team, investors in the Funds and investors in prior investment vehicles managed by Avenir) to co-invest with Avenir to make up the difference between the size of the opportunity and the Funds' investment. When prospective co-investors' interest in the opportunity exceeds the portion not preliminarily allocated to the Funds, we may reduce the allocation to the Funds in favor of the prospective co-investors if we determine that it is in the best interest of the Funds to do so.

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

Avenir provides investment advice solely to its Fund clients. The Funds generally include investment partnerships and other investment entities formed under U.S. laws and operated as exempt investment pools under the 1940 Act. The types of investors participating in the Funds generally include endowments, foundations, trusts and estates, high net worth individuals and family offices.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of such vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents of the related Fund.

There is generally no set minimum investment size for investors in the Funds, but Fund interests are generally offered and sold solely to "accredited investors" within the meaning of the Securities Act. Please consult the Governing Documents of the applicable Fund for the terms applicable to such Fund.

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

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

Avenir is a research-driven, fundamentals-based investment firm that conducts deep due diligence on disruptive secular shifts and seeks to identify well-positioned growth companies with (1) attractive unit economics, (2) the potential for high internal returns on invested capital, (3) strong barriers to entry in a large addressable market and (4) visionary operators at the helm.



Avenir strives to make investment decisions that are data driven and has a structured investment review process that leverages the insights of Avenir's investment committee and embraces conflict to encourage healthy debate based on facts, not opinions. Avenir's extensive network of entrepreneurs, operators and investors powers idea-generation and provides access to high-quality deal flow. Furthermore, Avenir conducts its own independent research, which involves numerous meetings each year with an array of management teams, entrepreneurs and thought leaders.

From time to time, Avenir may cause one or more Funds to hold all or a portion of its assets in cash or cash equivalents when opportunities are limited or in other circumstances it deems appropriate.

There can be no assurance that Avenir will achieve the investment objectives of any Fund, and a loss of investment is possible.

### **Risks Associated with Avenir's Investment Strategy**

Each Fund and its investors bear the risk of loss that Avenir's investment strategy entails. The discussion below of risks associated with investments does not purport to be an exhaustive list of all risks associated with an investment in the Funds. Please refer to the applicable Governing Documents of the Funds for a more detailed discussion of risks. There can be no assurance, based on these risks, as well as other risks inherent in any investment, that Avenir will meet its investment objectives or otherwise be able to successfully carry out its investment program. There is no assurance that any Fund's investment objective will be realized or that any Fund will be profitable.

*Competition for Investments.* The Funds will compete with other entities for the acquisition of investments. Such competition may come from groups such as institutional investors (including other private investment funds), investment managers, operating companies, and merchant banks which have greater resources than the Funds and are owned by large and well-capitalized investors. There may be intense competition for investments of the type in which the Funds intend to invest, and such competition may result in less favorable investment terms than would otherwise be the case. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in competitive bidding situations, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. Participation in competitive bidding situations will also increase the pressure on the Funds with respect to pricing of a transaction. Moreover, the Funds may incur bid, due diligence or other costs on investments which may not be successful. As a result, the Funds may not recover all costs, which would adversely affect returns. The Funds may be unable to find a sufficient number of attractive opportunities to meet their investment objectives. There can, therefore, be no assurance that investments of the Funds will meet all the investment objectives of the Funds, or that the Funds will be able to invest all of their available capital.

*No Assurance of Investment Return.* The General Partners' task of identifying opportunities in private operating companies, actively managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage, and realize such investments successfully. There is no assurance that the Funds will be able to invest their capital on attractive terms or generate returns for their respective investors. There is no assurance that the Funds' investments will be profitable and there is a risk that the Funds' losses and expenses will exceed income and gains. The Funds' investment programs should be evaluated on the basis that there can be no assurance that the General Partners' assessment of the prospects of investments will prove accurate or that the Funds will achieve their investment objectives. As such, there is no assurance of any distribution to investors prior to, or upon, liquidation of the Funds.

*Valuation of Securities.* The fair market value of all portfolio investments or of property received in exchange for any portfolio investments will be determined by the General Partners in accordance with the Governing Documents. Accordingly, the fair market value of a portfolio investment may not reflect the price at which the investment could be sold in the market, and the difference between fair market value and the ultimate sales price could be material. Different methods of valuing securities may provide materially different results. Actual realized returns on all unrealized investments will depend among other things on the value of the securities at the time of disposition, any related transaction costs and the manner of sale. Accordingly, the actual realized return on all unrealized investments may differ materially from the values presented to investors in the Funds.

*Long-term & Illiquid Investment Within the Funds.* An investment in the Funds is a long-term commitment. Interests in the Funds (the “**Interests**”) are highly illiquid and have no public market value. The Interests have not been registered under the Securities Act, nor under applicable securities laws of any state or non-U.S. jurisdiction and no such registration is contemplated. Therefore, the Interests cannot be resold unless subsequently registered under the Securities Act and other applicable laws or an exemption from such registration is available. No secondary market for the Interests exists, and no such market will be established or supported by the General Partners. It is not contemplated that registration of the Interests under the Securities Act and/or any other applicable securities laws will ever be affected. Accordingly, it may be difficult to obtain reliable information about the value of the Interests. Furthermore, the sale or transfer of the Interests is subject to approval of the General Partners and other restrictions contained in the Governing Documents. Consequently, investors may not be able to liquidate an investment in the Funds in the event of an emergency or for any other reason. An investment in the Funds is suitable only for persons and entities that have no need for liquidity with respect to their investment.

*Distributions In-Kind.* It is possible that not all portfolio investments of a Fund will be realized by the end of the term of such Fund. Although the General Partners expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the General Partners have a limited ability to extend the term of the Funds, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In such cases, in the applicable General Partner’s sole and absolute discretion, there may be in-kind distributions by such Fund of illiquid securities or instruments, whereas during the term of such Fund, such Fund may make in-kind distributions of marketable securities. There can be no assurance that investors in such Fund will be able to dispose of any such securities or instruments distributed in kind or that the fair market value of such securities or instruments determined by such Fund for purposes of effecting such distributions and calculating the applicable General Partner’s carried interest (if any) ultimately will be realized. In addition, if a Fund receives distributions in-kind from any portfolio investment, it may incur additional costs and risks in connection with the disposition of such assets.

*Economic Conditions.* Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect the Funds’ investments and prospects materially and adversely. None of these conditions are within Avenir’s control, and it may not be able to effectively anticipate these developments. These factors may affect the volatility and the liquidity of the Funds’ investments. Unexpected volatility or illiquidity could impair the Funds’ profitability or result in losses.

*Non-U.S. Investments.* The Funds may invest a portion of their aggregate capital commitments outside of the United States. Non-U.S. securities involve certain risk factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some

foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities and (v) less developed corporate laws regarding creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors. Additionally, certain countries in which the Funds may invest have experienced in the past, and may in the future experience, political and social instability that could adversely affect the Funds' investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment in such countries. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. The Funds generally do not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic or social instability or other economic or political developments could adversely affect the assets of the Funds held in a particular country.

*Global Political Risks.* The Funds, through their investments, may be particularly exposed to the risk of political change and governmental action. With respect to some foreign countries, there is the possibility of expropriation or confiscatory taxation, limitations on the removal of funds or other assets of the Funds, political or social instability, war or insurrection, terrorist attacks, or diplomatic developments that could affect the value and marketability of the Funds' investments in those countries.

*Public Health Risks.* Epidemics and pandemics may materially and adversely affect the global economy and the Funds' performance. In particular, a new infectious disease first identified in late December of 2019 (officially named coronavirus 2019 by the World Health Organization and abbreviated "**COVID-19**"), spread rapidly across much of the world, including throughout the United States, resulting in continuing restrictions on travel and group activities, and the extended shutdown or diminished operation of certain business facilities, universities and schools. The availability of investment opportunities of the Funds may be adversely impacted by reductions of economic activity as a result of COVID-19, including as a result of the responses of businesses and local and national governments. The impact of COVID-19 could continue to be significant on the economic environment of markets in which the Funds invest, which could affect the availability, valuations, and returns of the Funds' portfolio investments. The extent to which COVID-19 impacts the Funds' results will depend on future developments, which cannot be predicted with any certainty, including the duration of the pandemic and the actions taken throughout the world, including in domestic markets, to contain COVID-19 or treat its impact. As a result, the performance of the Funds and the Funds' portfolio companies could be adversely affected. Moreover, any public health emergency, including any outbreak (or continued outbreak) of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Funds and their portfolio companies and could adversely affect the Funds' ability to fulfill their investment objectives.

*Russia-Ukraine Conflict.* There is currently an ongoing military conflict between Russia and Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the

Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict. The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, cyber-attacks, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. Beginning in February 2022, the United States and other countries throughout the world began imposing meaningful sanctions targeting Russia as a result of actions taken by Russia in Ukraine. The Funds and their portfolio companies will be required to comply with these and potentially additional sanctions imposed by the United States and other countries, for which the full costs, burdens, and limitations on the Funds and their portfolio companies are currently unknown and could become significant.

*Climate Change.* Prolonged changes in climatic conditions could have significant impact on the revenues, expenses and conditions of certain investments of the Funds. While the precise future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. These events and the disruptions that they cause, alone or in combination, also have the potential to strain or deplete infrastructure and response capabilities generally, leading to increased costs and higher taxes, decreases in economic efficiency, or both. Climate change related disruptions could have material and adverse impacts on the business of portfolio companies of the Funds and on the broader society and economy in which such portfolio companies operate. Various regulatory agencies have enacted or proposed new or revised environmental regulations in an effort to reduce carbon emissions and the emissions of other gases believed to be contributing factors to climate change. These measures are varied and diverse across national, state or provincial and local jurisdictions, including targeted reductions in emissions, mandatory quotas, tax regimes based on emissions, bans or restrictions on the production of fossil fuels or on the construction of new infrastructure supporting the fossil fuel industry, and other measures. These measures could materially impact the performance of portfolio companies in many ways, including by increasing costs of doing business or compliance, through the imposition of fines or other penalties, or through reputational damage resulting from association (or perceived association) with industries viewed as contributing to climate change. Various governments have in the past and are expected to continue to provide subsidies for "green" energy technologies, such as solar, wind, bio-fuel, geothermal, hydrogen and other non-fossil fuel based energy sources, with the goal of reducing carbon emissions in an effort to mitigate the impacts of climate change. Even with potentially large public and private investment in these technologies, it is possible that "green" energy technologies will be unable to be deployed at a scale sufficient to meet growing global energy demand, or even existing energy demand. Moreover, these technologies require significant changes to existing infrastructure in order to provide for a level of energy security and reliability comparable to existing fossil fuel-based energy generation technologies. The cost of upgrading infrastructure for this purpose, or energy disruptions if such infrastructure upgrades are not successfully completed, could result in significant disruptions to local, regional or national economies. As a result of climate change, and given its unpredictable nature, investments could also be vulnerable, without limitation, to the following risks: increased insurance claims that lead to higher premiums and deductibles; decreases in the availability of insurance coverage for investments in areas subject to extreme conditions; increases in energy costs that affect returns; changes in the availability of natural resources, or the quality of those resources, on which an investment depends; inaccurate long-term valuations of an investment landscape not previously anticipated at the time of the investment; indirect financial and operational disruptions; and other economic disturbances arising from the foregoing.

*Growth Equity Stage Investments.* The Funds will invest primarily in privately-held, growth equity stage

companies. These companies may have no revenues and may not be profitable. They require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Typically, although the Funds may be represented by Avenir on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Funds or Avenir). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

*Reliance on Portfolio Company Management Team.* Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although Avenir will be responsible for monitoring the performance of each investment and the Funds seek to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with the Funds' plans. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

*Risks in Managing Portfolio Companies and Effecting Operating Improvements.* In some cases, the success of the Funds' investment strategy will depend, in part, on the ability of the Funds to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such improvements. Additionally, to the extent the Funds acquire a control or control oriented interest in a portfolio company, the Funds may be exposed to risks inherent in owning or operating a business. The exercise of control over a portfolio company through a control position, or the service of an officer or employee of Avenir as a director of a portfolio company, could (i) expose the assets of the Funds to claims by such portfolio company, its security holders and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur, the Funds, directly, and the Funds' investors indirectly, could suffer losses.

*Lack of Diversification.* The Funds' investments may not be broadly diversified, and the Funds may invest in a limited number of companies, sectors, countries, or regions. To the extent the Funds concentrate investments in a particular company, sector, country, or region, their investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, sector, country, or region. As a consequence, the aggregate returns of the Funds may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Funds have invested.

*Availability of Investment Capital.* Portfolio company investments may 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 the Funds will endeavor to maintain sufficient liquidity to allow them to participate in follow-on rounds of financings, the Funds do not intend to provide all necessary follow-on capital required by a portfolio company. Accordingly, third-party sources of financing will likely 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, the Funds' capital is limited and may not be adequate to protect the Funds from dilution in multiple rounds of portfolio company financing.

*Lack of Liquidity within Investment Portfolio.* The Funds' investment portfolios will, to a significant extent, consist of investments in early stage private companies. The marketability and value of each such investment will depend upon many factors beyond Avenir's control. Generally, the investments made by the Funds will be illiquid and difficult to value, and there may be little or no collateral to protect an investment once made. At the time of the Funds' investment, a portfolio company may lack one or more key attributes (e.g., proven technology, operational stability, consistent profitability, marketable product, complete management team, or strategic alliances) necessary for success. There may be no readily available market for the Funds' investments, many of which will be difficult to value, and the disposal of a portfolio investment by the Funds may be prohibited or delayed many years from the date of initial investment for legal, contractual and/or regulatory reasons. Disposition of such investments may result in distributions in kind to investors. The public market for high technology and other emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Funds.

*Leverage.* The Funds' investments may include portfolio companies with capital structures that include significant leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy, or deteriorations in the condition of the portfolio companies or their industries. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds may suffer a partial or total loss of capital invested in the portfolio company.

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

*Risks of Certain Dispositions.* In connection with the disposition of an investment in a portfolio company or otherwise, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the General Partners may establish reserves or escrow accounts. In that regard, under certain circumstances described in the Governing Documents, the General Partners may make distributions of cash or securities to investors that remain subject to recall for the payment (in whole or in part) of such contingent liabilities. Furthermore, investors may be obligated to recontribute certain distributions to the Funds under Delaware law. These arrangements may result in contingent liabilities, which might ultimately need to be funded by the Funds.

*Non-controlling Investments.* The Fund may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect its position in such portfolio companies. However, as a condition to an investment in a portfolio company, it is expected that appropriate rights generally will be sought to protect the Fund's interests to the extent possible. There can be no assurance that such minority shareholder rights will be available. Furthermore, the Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund.

*Controlling Investments.* The Funds may own a majority of a portfolio company and be able to elect one or more of its directors. With respect to an investment in a distressed company, Avenir may elect to insert certain of its employees or affiliates into key management positions within such company to assist in the entity's turnaround. As a result, the Funds may be viewed as controlling such a portfolio company, or being a controlling shareholder. To the extent the valuation of such a portfolio company decreases, the Funds may be exposed to lawsuits by discontented minority shareholders. Even if such lawsuits prove to be without merit, the Funds may be required to expend significant resources defending itself and its affiliates.

*Investments with Third Parties.* The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

*Investments in Public Companies.* The Funds' investment portfolios may ultimately contain securities or instruments issued by publicly held companies. Such portfolio investments may subject the Funds to risks that differ in type or degree from those involved with portfolio investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities or instruments at certain times, increased likelihood of shareholder litigation against such companies' board members and increased costs associated with each of the aforementioned risks.

*Due Diligence Risks.* Before making investments, Avenir intends to conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment, Avenir will rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisers or consultants may present a number of risks primarily relating to Avenir's reduced control of the functions that are outsourced. In addition, if Avenir is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. Furthermore, the due diligence process may at times be subjective. Accordingly, there can be no assurance that the due diligence investigation that Avenir will carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Further, there can be no assurance that such an investigation will result in an investment being successful.

*Projections.* Projected operating results of a portfolio company in which a Fund invests normally will be based primarily on financial projections prepared by each portfolio company's management. In all cases, projections are only estimates of future results that are based upon information received from the portfolio company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Securities Laws Restrictions on Trading.* A member, officer, employee or other representative of Avenir may serve as a director of a portfolio company. As a result, the Funds (through their representatives or otherwise) may receive or be deemed to receive information that would restrict their ability to buy or sell securities of a company for substantial periods of time when profit could otherwise be realized or loss avoided, which may adversely affect the Funds' ability to buy, sell or distribute securities. In addition, the ability of the Funds to execute trades in securities of these companies may also be restricted by securities laws, including but not limited to Section 16 of the U.S. Securities Exchange Act of 1934, as amended, and Rule 144 promulgated under the Securities Act, as a result of the board participation or extent of ownership of the Funds and affiliated persons.

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

*Limited Access to Information.* Investors' rights to information regarding the Funds will be specified, and strictly limited, in the Governing Documents. In particular, it is anticipated that the General Partners will obtain certain types of material information from portfolio investments that will not be disclosed to investors because such disclosure is prohibited for contractual, legal or similar obligations outside of the General Partners' control. Decisions by the General Partners to withhold information may have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its Interest may have difficulty in determining an appropriate price for such Interest. Decisions to withhold information also may make it difficult for investors to monitor the General Partners and their performance. Additionally, it is expected that investors who designate representatives to participate on the Advisory Boards may, by virtue of such participation, have more information about the Funds and portfolio investments in certain circumstances than other investors generally and may be disseminated information in advance of communication to other investors generally.

*Impact of Economic Conditions.* Companies in which the Funds invest may be sensitive to general downward swings in the overall economy or in the industries in which the Funds will target investments. Changes in economic conditions, including, for example, inflation rates, industry conditions, competition, technological developments, domestic and global political and diplomatic events and trends, tax laws, credit market conditions and innumerable other factors, none of which will be within the control of Avenir, can affect substantially and adversely the business and prospects of the Funds. A recession or adverse developments in the securities or credit markets might have an impact on some or all of the Funds' investments. A sustained period of low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with



historical values, which would reduce returns that could be achieved by the Funds. In addition, factors specific to a portfolio company may have an adverse effect on the Funds' investment in such company. Avenir may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and to certain factors beyond the control of the portfolio company and Avenir. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance.

*Dependence on the Management Team.* The Funds will be dependent on the activities of the management team and will be particularly dependent upon the Principals. Generally, the pool of funds in the Funds represents a blind pool of funds. Therefore, the Funds and the investors will generally be relying on the management expertise of the Principals in identifying, acquiring, administering and disposing of the Funds' investments. Past investment performance by the Principals (individually or collectively) provides no assurance of future results. The loss of any individual Principal could have a material, adverse effect on the Funds. Additional members may be admitted to the General Partners during the term of the Funds, and except as otherwise set forth in the Governing Agreements, the investors will have no power to prevent any specific person from being admitted to the General Partners as a member thereof. If for any reason the Principals should cease to be involved in the investment management of the Funds, suitable replacements may be difficult to obtain, with the result that the performance of the Funds may be adversely affected.

## **Conflicts of Interest**

Avenir and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of the Funds, and providing transaction-related, legal, management and other services to the Funds and their portfolio companies. Avenir devotes such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Avenir conducting its activities, the interests of one or more Funds likely will conflict with the interests of Avenir, one or more other Funds, portfolio companies, Avenir personnel or their respective affiliates in certain circumstances. There can be no assurance that Avenir will resolve all conflicts of interest in a manner that is favorable to a Fund and its investors. Certain of these conflicts of interest are discussed herein.

The Governing Documents of a Fund will generally contain certain protections for investors against certain conflicts of interest faced by the applicable General Partner and its affiliates, but will not purport to address all types of conflicts that may arise, and such Governing Documents will generally override or modify duties (including fiduciary duties) that might, only to the extent permitted by applicable law, otherwise exist in the absence of such provisions. As a general matter, Avenir will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, in its sole discretion, but subject in certain cases to the required consents of the limited partners or the Limited Partner Advisory Board (the "**Advisory Board**") of the applicable Funds under the Governing Documents.

*Allocation of Investment Opportunities between the Funds.* Subject to any restrictions contained in or consents required by the Governing Documents, the Funds may co-invest with each other and the allocation of investment opportunities will be determined by Avenir and its affiliates on a basis that they reasonably determine in good faith to be fair and reasonable taking into account the sourcing of the transaction, the nature of the investment focus of the Funds, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for the Funds and other considerations they deem relevant in good faith. Investment opportunities may be allocated entirely to one Fund, multiple Funds or among one or more Funds for co-

investment, as determined by the Governing Documents, Side Letters and Avenir's allocation practices (which may be updated from time to time). Avenir and its affiliates may reach different decisions regarding the allocation of investment opportunities between the Funds that might otherwise appear similar.

To the extent one or more Funds holds securities or instruments that are different (including with respect to their relative seniority or liquidation preferences) than those held by one or more other Funds, Avenir may be presented with decisions when the interests of such Funds with respect to such securities or instruments are in conflict. In that regard, actions may be taken for one or more Funds that are adverse to one or more other Funds and the Funds may divest from positions in the same securities or in the same portfolio investments at different times with different economic results.

*Allocation of Expenses.* Certain expenses will be incurred that are attributable to more than one Fund or co-investment vehicle (including in connection with portfolio companies in which Funds have overlapping investments and in connection with the general operation or administration of such entities). Subject to any relevant restrictions or other limitations contained in the Governing Documents, Avenir will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in good faith. In exercising such discretion, Avenir expects to be faced with a variety of potential conflicts of interest. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion (e.g., in determining whether to allocate pro rata based on the number of Funds or co-investment vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Avenir). In addition, certain expenses will be incurred by a Fund for the benefit of a particular investor in such Fund (for example, in connection with compliance with any obligations imposed on such Fund by a Side Letter entered into with such investor) and not all investors of such Fund. In most cases, such expenses will be borne by the applicable Fund and not by such investor individually. The Funds generally have different terms pursuant to their Governing Documents, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

Certain expenses (e.g., insurance premiums for general partner liability insurance) will be incurred for the benefit of both Avenir itself, on the one hand, and the Funds on the other hand. Apportionment of such expenses involves a conflict of interest. Avenir also intends to allocate such expenses in a manner as determined by Avenir in good faith, taking into account such factors that it determines to be relevant for the particular expense. In certain circumstances, Avenir may incur expenses related to portfolio companies of one or more Funds in which Avenir personnel may have personal investments. All such expenses will be borne by such Funds and not by the applicable Avenir personnel.

*Other Activities.* Avenir personnel are permitted to devote a portion of their time to activities outside the Funds. Conflicts are expected to arise in the allocation of time, services, resources, or investment opportunities among the Funds and other such activities. The Principals and other personnel of Avenir may devote time to activities or endeavors outside of the Funds, including, without limitation, serving on boards or acting in other roles unaffiliated with Avenir, the Funds or their portfolio companies, including boards of charitable, educational or community institutions, public companies and former portfolio companies, and receiving compensation in connection with such services and roles and participating in industry-related activities. In addition, except to the extent prohibited by the Governing Documents, Avenir and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles or accounts the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, stock or other equity, founders' equity or similar interests) relating thereto, none of which will offset or otherwise reduce Management Fees except as provided in the Governing Documents.

*Diverse Limited Partner Group.* Investors in a Fund may have conflicting investment, tax, and other interests with respect to their investments in such Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by such Fund, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner of such Fund, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the General Partner of such Fund will generally consider the investment and tax objectives of such Fund and the partners as a whole, and not the investment, tax, or other objectives of any investor individually.

*Side Letters and Other Preferential Arrangements with Certain Investors.* Certain investors (including strategic and/or anchor investors) may invest in a Fund pursuant to side letter agreements or other arrangements, including arrangements that have the effect of altering or supplementing the material terms of such Fund in respect of such persons. Such arrangements may afford certain investors different rights from the rights offered to other investors in such Fund with respect to carried interest, management fees, expenses, indemnity obligations, participation in such Fund's Advisory Board, co-investments, subscription rights to other investment vehicles, the content and frequency of reports, notice of events or information not provided to other investors in such Fund, tax and regulatory structuring and reporting assistance, "most favored nation" rights and other matters. Investors that have been granted additional access to portfolio information or other enhanced transparency may be able to make investment decisions, (including, without limitation, increasing their capital commitments, participating in co-investments, making outside investments or dispositions or entering into hedging transactions designed to offset exposure to investment positions taken by the Funds) based on information not generally available to other investors. In some cases, such investment decisions made by these investors on the basis of such information could adversely affect the market value of a Fund's portfolio and therefore the value of the Interests in such Fund. In addition, certain investors may be granted a right to receive a portion of the management fees or carried interest payable by a Fund. The terms and conditions of any such arrangements with any particular investor will be agreed to solely at the discretion of the relevant Fund, the relevant General Partner and/or Avenir, as applicable, and may be more favorable than those offered to any other investors. Investors that receive beneficial arrangements (including the right to bear or pay reduced carried interest or management fees earned by Avenir) may include members or beneficial owners of the General Partners or Avenir or other persons who have other professional or personal relationships with Avenir or the Principals.

*Advisory Board Approvals.* The Governing Documents of a Fund may provide that certain transactions involving conflicts of interest between such Fund and its General Partner may be submitted to such Fund's Advisory Board for resolution. However, the Advisory Board of a Fund will not necessarily represent the interests of all the limited partners in such Fund and the members of the Advisory Board of a Fund may themselves be subject to various conflicts of interest (including as investors in other entities related to partners of the applicable General Partner).

*Economic Interest of General Partner.* Because the percentage of profits allocated to the General Partners will generally exceed the capital contribution percentages of the General Partners to the Funds, the General Partners may have an incentive to make investments that are riskier or more speculative than if the General Partners received allocations on a basis identical to that of the investors in the Funds. In addition, upon the winding-up of a Fund, the General Partner of such Fund may, subject to the Governing Documents of such Fund, receive carried interest distributions with respect to a distribution in-kind of non-marketable securities and the valuation of such securities for such purposes will be determined by the General Partner as set forth in the applicable Governing Documents.

## **Item 9. Disciplinary Information**

Neither Avenir nor any of its Principals has ever been sanctioned or reprimanded by any regulator or self-regulatory organization, nor has any such person been successfully sued by any client or by any local state or federal authority on behalf of a client.

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

### **Material Financial Industry Affiliations of Avenir**

Avenir manages the Funds, and its affiliates act as General Partners and/or sponsor of the Funds. These entities operate as a single advisory business together with Avenir and generally share common owners, officers, and persons occupying similar positions. Neither Avenir nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither Avenir nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

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

### **Code of Ethics**

As part of Avenir's compliance program, it has established a Code of Ethics (the "**Code of Ethics**") pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics includes policies and procedures relating to personal securities trading by Avenir personnel and protection against the misuse of material nonpublic information. The Code of Ethics is designed to prevent, among other things, any improper conduct whenever any potential conflict of interest may exist with respect to any client. In addition, the Code of Ethics requires Avenir and/or all supervised persons of Avenir to safeguard and prevent dissemination of non-public information, to refrain from engaging in self-interested transactions without prior approval, to develop adequate internal accounting controls and maintain proper books and records, and to refrain from insider trading. The Code of Ethics also outlines the duties of care and loyalty that Avenir and its supervised persons are required to follow with respect to clients, to act in the best interests of clients and to render impartial advice to clients. A copy of the Code of Ethics is available by written request to [IR@avenirgrowth.com](mailto:IR@avenirgrowth.com).

**Standard of Business Conduct.** It is the responsibility of all Avenir employees to ensure that Avenir conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties to its clients. Employees have a duty to place the interests of Avenir's clients first and to refrain from having outside interests that conflict with the interests of Avenir's clients.

**Conflicts of Interest.** As a fiduciary, Avenir generally has an affirmative duty to act with loyalty, impartiality and prudence and in the best interests of our clients. Avenir makes every effort to avoid conflicts of interest and fully disclose all material facts concerning any conflict of interest that may arise with respect to any client. Avenir takes a conservative approach and imposes a high standard on its personnel by stressing that individuals subject to this Code of Ethics must try to avoid situations that have even the appearance of conflict or impropriety.

**Insider Trading.** Avenir personnel may not trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another person in violation of

the law. This policy applies to all Avenir personnel and extends to their activities both within and outside their duties at Avenir. Avenir has also implemented policies and procedures designed to detect and prevent insider trading.

**Personal Securities Transactions.** All Avenir personnel must comply with Avenir’s Personal Account Trading Policy. Personal securities transactions by such personnel in any instrument that is a “security” under the Advisers Act in which such person has a direct or indirect beneficial ownership, subject to certain exceptions, must be pre-approved by the Chief Compliance Officer. Transactions requiring pre-approval include without limitation: (1) regular brokerage transactions; (2) purchases in an initial public offering of securities; (3) purchases in a limited or private offering; and (4) private purchases or sales of securities.

**Reporting of Violations.** Avenir’s personnel are required to report any violation, apparent violation or potential violation of the Code of Ethics to the Chief Compliance Officer.

**Review and Enforcement.** The Chief Compliance Officer is responsible for ensuring adequate supervision over the activities of all persons who act on Avenir’s behalf in order to prevent and detect violations of the Code of Ethics by such persons.

## **Item 12. Brokerage Practices**

Avenir is an investment adviser to the Funds, and the private company securities that are the primary investments by the Funds are generally purchased in private transactions without the assistance of a broker-dealer and without the payment of brokerage commissions or dealer markups. Due to the nature of the Funds’ investment programs, Avenir generally do not select or recommend broker-dealers for client transactions, although Avenir generally have the authority to do so if circumstances require. In the event the strategies do require the execution of transactions through a broker-dealer, then Avenir will follow the policies and procedures reflective of its duty to execute trades in publicly traded securities in a manner designed to seek best price and execution.

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

The Funds primarily make growth equity investments in private companies. Avenir seeks to engage with or take an active role on the board of directors of such companies and to set the strategic direction of such companies. In this regard, Avenir’s investment personnel are constantly reviewing the Funds’ investments. However, Avenir does not review the Funds’ accounts for rebalancing purposes. Investors in the Funds receive periodic reports on their investments as set forth in the applicable Governing Documents.

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

Avenir may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund’s Form D. Any fees payable to any such placement agents generally will be borne by Avenir directly under the Governing Documents.

Avenir and/or its affiliates intend to serve on the board of directors of companies in a Fund’s portfolio and may receive compensation from such companies in connection with such services or otherwise. As described in the Governing Documents, this compensation in many cases, will offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket

expenses directly related to a portfolio company), these fees are in addition to Management Fees. See Item 5 “Fees and Compensation – Fees” above.

## **Item 15. Custody**

While it is Avenir’s general practice not to accept or maintain physical possession of any client assets, Avenir expects that it will be deemed to have “custody” of each Fund’s securities and other assets for purposes of Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), subject to certain exceptions set forth in the Custody Rule and related guidance. In accordance with the Custody Rule, each Fund either (i) meets certain requirements regarding delivery of notices and account statements to clients and has an independent public accountant conduct a surprise inspection annually or (ii) has a Public Company Accounting Oversight Board registered public accountant audit the Fund’s financials and deliver such audited financials to the underlying investors in such Fund within 120 days of fiscal year end. Avenir also utilizes the services of one or more banks and other qualified custodians (as defined under the Custody Rule to hold all cash and securities of the Funds (except with respect to privately offered securities)).

## **Item 16. Investment Discretion**

Avenir has discretionary authority to manage investments on behalf of each Fund. As a general policy, Avenir does not allow investors to place limitations on this authority. However, pursuant to the terms of the Governing Documents, Avenir, the General Partners and/or their affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to transfer its interest to a third-party for legal, tax, regulatory or other similar reasons. Avenir assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund.

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

Avenir does not have a policy to address how it will vote proxies for the Funds’ portfolio investments. Given the uniqueness of each portfolio company and the varying structure of each portfolio investment, Avenir votes each proxy separately in the best interest of each Fund, after giving consideration to such Fund’s circumstances, including its strategy, investment objectives and the objectives of such Fund’s underlying investors.

## **Item 18. Financial Information**

Avenir does not require or solicit prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the brochure.