

Item 1 – Cover Page

Westech Investment Advisors LLC

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March 31, 2017

This Brochure provides information about the qualifications and business practices of Westech Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact Martin Eng, Chief Financial Officer, at (650) 234-4300 or Martine@westerntech.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.

Westech Investment Advisors LLC is a registered investment adviser founded in 1980, which also does business as Western Technology Investment (“WTI”). Registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Westech Investment Advisors, LLC also is available on the Securities and Exchange Commission (“SEC”)’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following material changes have been made to this Brochure since the last version filed on March 29, 2016:

- Westech has updated the Brochure to reflect the updated assets under management as of December 31, 2016.

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Item 4 – Advisory Business

Westech Investment Advisors, LLC (also referred to in this Brochure as “WTI” or the “Firm”) serves as investment manager, on a fully discretionary basis, for ten companies, three of which are corporations which have elected to be treated as business development companies (“BDCs”) under the Investment Company Act of 1940, the remaining seven of which are not BDCs. These remaining seven companies comprise six LLCs and one limited partnership. The BDCs make investments in illiquid high yield debt instruments, while the LLCs and the limited partnership primarily invest in preferred securities of venture backed companies. The three BDC companies (the “BDC Funds”) are: Venture Lending & Leasing VI, Inc. (“Fund VI”), Venture Lending & Leasing VII, Inc. (“Fund VII”) and Venture Lending & Leasing VIII, Inc. (“Fund VIII”). The non-BDC companies (the “LLCs”) and one limited partnership are: Venture Lending & Leasing III, LLC (“VLL3”); Venture Lending & Leasing IV, LLC (“VLL4”), Venture Lending & Leasing V, LLC (“VLL5”); Venture Lending & Leasing VI, LLC (“VLL6”), which owns 100% of the stock of Fund VI, Venture Lending & Leasing VII, LLC (“VLL7”), which owns 100% of the stock of Fund VII, Venture Lending & Leasing VIII, LLC (“VLL8”), which owns 100% of the stock of Fund VIII, and WTI Equity Opportunity Fund I, LP. The six Venture Lending & Leasing limited liability companies and their wholly owned subsidiaries, for which WTI currently serves as investment manager, are also referred to in this Brochure collectively as the “Debt Funds,” and the one limited partnership for which an affiliate of the Firm acts as general partner (the “General Partner”) is referred to in this Brochure as the “Equity Fund,” (together with the Debt Funds, the “Funds” and each, a “Fund”). The Firm also serves as managing member of each of VLL4, VLL5, VLL6, VLL7, VLL8 and VLLI Capital, LLC (the managing member of VLL3).

The principal owner of the Firm is Westech Investment Management, Inc., a California corporation. The sole shareholders of Westech Investment Management, Inc. are Ronald W. Swenson and Salvador O. Gutierrez.

The Firm manages \$1,323,600,000 in client assets on a discretionary basis and no assets on a non-discretionary basis (calculated as of December 31, 2016).

This Brochure generally includes information about the Firm and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients

and affiliates, certain information included herein applies to specific clients or affiliates only.

Item 5 – Fees and Compensation

The Firm has, and may continue to, waive, reduce or calculate differently all or a portion of any management fees and incentive compensation for one or more investors, including for certain affiliates of the Firm

Effective January 1, 2013, the Firm and other adviser have waived all fees for VLL3.

Prior to October 1, 2015, VLL4 paid a management fee of 2.5%, however effective October 1, 2015, the Firm has waived all fees for VLL4. The Fund will continue to pay incentive compensation as the hurdle rate of 8% per annum, cumulative but not compounded, has been reached. Therefore, VLL4 pays to the Firm, as incentive compensation, 20% of profits so long as the preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is maintained. While these incentive amounts are not an expense of VLL4, they could be deemed compensation received by the Firm.

VLL5 pays the Firm a fee of the greater of 2.5% of total assets under management and 1.5% of committed capital to VLL5 if consolidated assets exceed \$25 million. If assets are less than \$25 million, the management fee will be 2.5% of consolidated assets. Additionally, once the hurdle rate of 8% per annum, cumulative but not compounded, has been reached, the Firm is entitled to receive all of the profits until cumulative profits are allocated 80% to members in accordance with their ownership percentages and 20% to the Firm. Thereafter, the Firm will receive 20% of total profits once a preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is reached. While these incentive amounts are not an expense of Fund V, they could be deemed compensation received by the Firm.

Fund VI and VLL6 pay the Firm a combined fee of the greater of 2.5% of total assets under management and 1.5% of committed capital to VLL6 if consolidated assets exceed of \$25 million. If assets are less than \$25 million, the combined management fee will be 2.5% of consolidated assets. Because VLL6 is the sole shareholder of Fund VI, the management fee that VLL6 pays to the Firm is based on total assets less the investment in Fund VI, in order to not double count assets. Additionally, once the hurdle rate of 8% per annum, cumulative but not compounded, has been

reached, the Firm is entitled to receive all of the profits until cumulative profits are allocated 80% to members in accordance with their ownership percentages and 20% to the Firm. Thereafter, the Firm will receive 20% of total profits once a preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is reached. While these incentive amounts are not an expense of Fund VI, they could be deemed compensation received by the Firm.

Fund VII and VLL7 pay a combined fee of the greater of 2.5% of total assets under management and 1.5% of committed capital to VLL7, if consolidated assets exceed \$25 million. If assets are less than \$25 million, the combined management fee will be 2.5% of consolidated assets. Because VLL7 is the sole shareholder of Fund VII, the management fee that VLL7 pays to the Firm is based on total assets less the investment in Fund VII, in order to not double count assets. Additionally, once the hurdle rate of 8% per annum, cumulative but not compounded, has been reached, the Firm is entitled to receive all of the profits until cumulative profits are allocated 80% to members in accordance with their ownership percentages and 20% to the Firm. Thereafter, the Firm will receive 20% of total profits once a preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is reached. While these incentive amounts are not an expense of the Fund, they could be deemed compensation received by the Firm.

Fund VIII and VLL8 pay a combined fee of the greater of 2.5% of total assets under management and 1.5% of committed capital to VLL8, if consolidated assets exceed \$25 million. If assets are less than \$25 million, the combined management fee will be 2.5% of consolidated assets. Because VLL8 is the sole shareholder of Fund VIII, the management fee that VLL8 pays to the Firm is based on total assets less the investment in Fund VIII, in order to not double count assets. Additionally, once the hurdle rate of 8% per annum, cumulative but not compounded, has been reached, the Firm is entitled to receive all of the profits until cumulative profits are allocated 80% to members in accordance with their ownership percentages and 20% to the Firm. Thereafter, the Firm will receive 20% of total profits once a preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is reached. While these incentive amounts are not an expense of the Fund, they could be deemed compensation received by the Firm.

The Equity Fund pays the Firm a fee of 0.5% of the cost basis of the Equity Fund's investments. Additionally, net recognized profits and losses will first be allocated in such a manner so as to cause the General Partner to have received 15% of total net recognized profits and all of the Partners (General and Limited) to have received

85% of total net recognized profits, until the Partners have received allocations of such net recognized profits equal to 100% of the amount of their contributed capital (i.e., an amount sufficient to enable the Equity Fund to distribute two times contributed capital to the Partners; the “Allocation Hurdle”). Upon satisfaction of the Allocation Hurdle, net recognized profits and losses shall thereafter be allocated 20% to the General Partner and 80% to all Partners (General and Limited) in proportion to their capital commitments. While these incentive amounts are not an expense of the Fund, they could be deemed compensation received by the Firm.

The specific manner in which fees are charged by WTI is established in a client’s investment management agreement with the Firm. WTI will generally calculate its fees on a quarterly basis, in arrears. Management fees are deducted directly from a client’s account. Each quarter, the previous quarter’s calculation of management fees is reviewed in case there has been a change (*i.e., the asset value upon which the management fee calculation was made has changed, etc.*) and, if necessary, a “true-up” adjustment is made to the current quarter calculation. Management fees are based on information as of the last day of the quarter and are not prorated for capital contributions and withdrawals made during the applicable calendar quarter. Any underpayments or overpayments are adjusted and paid with the following quarter’s payment. Overpayments of carry will result in tax affected re-contributions “clawbacks” from the Firm to the Funds at the end of the applicable Funds’ life. To the extent that tax was paid on the overpayments of carry, the Funds would not be able to recover those funds that had been paid as taxes. Other than potential over-payments there are no prepaid or unearned fees, as management fees are paid in arrears. Management fees, which are calculated as a percentage of committed capital, are charged as if the capital had been committed as of the first closing of capital.

The Firm’s fees do not include brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions (“Other Charges”). Such charges, fees and commissions are exclusive of, and in addition to, WTI’s fee, and the Firm does not receive any portion of these Other Charges.

Item 12 further describes the factors that the Firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Fees for advisory services are not negotiable. It is possible that advisory fees charged by other advisors could be lower than those charged by the Firm.

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

The Firm does not charge any performance-based fees; however, as stated above in Item 5, the Firm receives allocations of income, ordinary and capital gains, after certain hurdle rates have been met. While these are not classified as “Fees”, they may be construed as additional compensation. For Debt Funds that are charged management fees based on assets under management, the compensation structure may provide the Firm with an incentive to increase assets as compensation increases with size of the asset base. Moreover, these fee and allocation arrangements may create incentives for the Firm to recommend investments that may have a higher degree of risk or are more speculative than those that would be recommended under a different fee arrangement, and they may create an incentive to favor higher fee paying accounts, over other accounts, in the allocation of investment opportunities, including with respect to the Equity Fund, which charges a management fee based on the aggregate cost basis of investments held.

The Boards of Directors of Debt Funds making active investments have each adopted a policy that, for so long as they are each making active investments, they will generally invest in the same portfolio companies, with the amount of the investment allocated among them on an equitable basis as determined by the Manager in accordance with their capital commitments. The allocation methodology for the Equity Fund is detailed in its Confidential Private Placement Memorandum and allocates a fixed percentage of each equity opportunity to each of VLL7, VLL8 and the Equity Fund. This policy, which is codified in the Firm’s compliance manual and applies to the Firm’s investment activities, helps to assure that the Firm’s clients are treated fairly and equitably and prevent the potential conflict described above from influencing the allocation of investment opportunities among clients. Allocations and allotments can be changed by the Board of Directors or Advisory Board of each Fund and can apply to a single investment or the entire allocation methodology. See “Conflicts of Interest” below.

Item 7 – Types of Clients

WTI provides portfolio management services to private funds organized as limited liability companies, limited partnerships and BDCs.

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

The descriptions set forth in this Brochure of specific advisory services that the Firm offers to clients, and investment strategies pursued and investments made by the Firm on behalf of its clients, should not be understood to limit in any way the Firm's investment activities. The Firm may offer any advisory services, engage in any investment strategy and make any investments, including any not described in this Brochure, that the Firm considers appropriate, subject to such client's investment objectives and guidelines. The investment strategies the Firm pursues are speculative and involve a high degree of risk, including: illiquidity of portfolio investments; risk of default by borrowers, many of whom have no or little operating profit or cash flow as of the commencement of a financing transaction; interest rate risk; litigation risk; the speculative nature of investments in warrants for stock or directly in stock; and the risks involved in investing in privately-held and emerging companies. There can be no assurance that the investment objectives of any client will be achieved. **Investing in securities involves risk of loss that clients should be prepared to bear.**

The Firm's investment strategy for each of the BDC Funds is to provide debt financing, primarily in the form of secured loans, to carefully selected companies backed by venture capital ("VC") investors, micro VC funds, and angel investors. The Debt Funds may invest in special situations, including convertible debt instruments, and in convertible debt or other equity instruments issued by companies of diverse capitalization and creditworthiness, including, without limitation, early-stage private companies, public and late-stage private companies, and companies undergoing restructuring or recapitalization of their existing debt or equity financing. The Firm also evaluates and recommends, where appropriate opportunities arise, other types of investments in privately held companies - including but not limited to common stock, preferred stock, convertible notes, and other equity interests. The Equity Fund solely invests in a subset of those opportunities to purchase equity interests in those companies in which VLL8 has invested or is investing. In some instances, these companies will have been bootstrapped, without substantial equity investment from investors.

The Firm evaluates potential investments on a case-by-case basis, using both a credit and "venture capital" approach. The initial phase includes the collection of relevant materials such as business plans, financials and pro-forma projections, capitalization tables, management biographies, and corporate documents. Additionally, the WTI investment committee meets with the CEO and management team of the prospective companies. Reference checks may be performed by contacting venture capitalists, customers, and competitors. A credit and/or equity file is created to serve as the basis to monitor progress of the company against its expected milestones.

The Funds typically use a buy-and-hold strategy where investments are held to maturity or exit. All securities are evaluated on a regular basis to determine whether there should be any change to this strategy. Some debt investments are restructured, which may result in the extension of the original maturity date or other change in the instrument, including but not limited to, conversion of all or part of the instrument to equity. The Funds typically do not purchase publicly held securities; however, some publicly held securities are acquired through warrant exercises, mergers, acquisitions, and IPOs of the companies in which investments are made. Additionally, in some cases, public securities are issued in conjunction with loans made to public companies. When a company's securities become publicly traded, a Fund may hold these securities and sell them or may choose to distribute the securities directly to its investors. If held, publicly-traded securities are monitored on an on-going basis, and a variety of factors regarding the company (*e.g., trend in stock price, underlying business fundamentals and potential for growth, information regarding the lock-up, etc.*) are used to determine when to sell these securities.

Reliance on Management

The Debt Funds have an initial investment period of four years and the Equity Fund has an initial investment period of ten years and each could require a substantial amount of this time to become fully invested (if at all). Pending investment, all cash that the Funds have received pursuant to capital calls will be committed to short-term, high-grade investments that present relatively low investment risk but provide a correspondingly lower return (*e.g. overnight money market funds*). The Funds do not intend to call upon their respective investors to contribute more capital than is expected to be needed to fund loans or equity, pay expenses or meet investment commitments that are outstanding or expected to be entered into within a reasonable time after such capital call. The Funds are wholly dependent for the

selection, structuring, closing and monitoring of their investments on the diligence and skill of the Firm, acting under the supervision of the Funds' Boards of Directors and Advisory Boards, respectively.

Although the principals of the Firm have several decades of combined experience in investing in venture lending transactions and equity investments, there can be no assurance that the Funds will achieve their investment objectives. Furthermore, the Firm does not have substantial experience in investing in special situations such as convertible and subordinated debt of public and late-stage private companies. The investment team of the Firm will have primary responsibility for the selection of the companies in which the Funds and the Equity Fund will invest, the negotiation of the terms of such investments and the monitoring of such investments after they are made. Although the investment team of the Firm intends to devote such time as is necessary to the affairs of the Funds, they are not required to devote full time to the management of the Funds. Furthermore, there can be no assurance that any investment team member will remain associated with the Firm or that, if an investment team member ceases to be associated with the Firm, the Firm would be able to find a qualified person or persons to fill their positions.

Unregistered Securities – and limited transfer rights

Other than as described below, the membership interests of the Funds have not been and will not be registered under the federal or state securities laws and are subject to substantial restrictions on transfer. There will be no trading market for the interests, and investors of the Funds most likely will have to hold their interests until the final liquidation of the applicable Funds. Similarly, although shares of some of the Debt Funds have been registered under the Securities Exchange Act of 1934, as amended, there will be no trading market for shares in the Debt Funds, and thus shares of the Debt Funds should be considered illiquid. Additionally, the Funds' period of existence will automatically expire and may be extended with shareholder approval, but the liquidation process might not be completed for a significant period after the applicable Funds' dissolutions. For example, of all of the prior debt funds, only Venture Lending & Leasing I ("Fund I") and Venture Lending & Leasing II ("Fund II") have completed the liquidation process. Fund I was established in 1994 and did not liquidate until 2010, and Fund II was established in 1997 and did not liquidate until 2012. An investment in the Funds is, therefore, illiquid and should be considered only by investors financially able to maintain their investment for the long term.

Subscription Terms; Risk of Forced Sale of Interests.

Under the terms of the operating agreements or limited partnership agreement of the Funds, as applicable, to the extent permitted by law, the Funds generally have the following remedies if an investor defaults in its payment obligations under the operating agreement or limited partnership agreement, as applicable: (i) cancellation of the balance of the investor's subscription for interests (including the installment as to which the investor has defaulted); (ii) assignment of the balance of the investor's subscription for interests; (iii) repurchase the interests (or assignment to someone else, including persons not invested in such Fund, the right to purchase) of the defaulting subscriber at a purchase price equal to 25% of the lesser of (x) such interests' then-current net asset value and (y) the price at which the investor purchased the interests (the "**Discounted Interest Price**") and/or (iv) requirement that the defaulting investor withdraw from the Funds for no consideration, in which case (x) the defaulting investor shall not be entitled to receive any further distributions or allocations and the defaulting investor's interest shall be cancelled and (y) the defaulting investor's interests shall be apportioned among the non-defaulting investors in proportion to their respective interests. Notably, the Funds would have the right to repurchase such interests from a subsequent transferee of the interests at the Discounted Interest Price. Investors may experience difficulty in finding a purchaser for the interests, and any purchase price paid therefor would likely be at a substantial discount to the interests' fair market value. In addition, even if an investor's interests were not repurchased by the Funds, such investor's percentage of ownership and the rights related thereto will be diluted if the investor is unable to make subsequent purchases as required by subsequent capital calls of the Funds. Furthermore, if an investor breaches the confidentiality provisions of the operating agreement or limited partnership agreement, as applicable, the Funds have the right, to the extent permitted by law, to repurchase (or assign to someone else, including persons not invested in such Fund, the right to purchase) all interests originally purchased by such investor at a purchase price equal to the interests' current net asset value.

Competition.

Other entities and individuals compete for investments similar to those proposed to be made by the Funds, some of whom, with respect to investments in the form of

loans, and many of whom, with respect to the equity investments and convertible and subordinated debt, have greater resources than the Funds. Furthermore, competition could increase given the low barriers to entry in the industry. Additionally, the BDC Funds need to comply with provisions of the Investment Company Act of 1940, as amended (the “1940 Act”), pertaining to BDCs and, if a BDC Fund qualifies as a regulated investment company (“RIC”) provisions of the Internal Revenue Code of 1986, as amended (the “Code”), pertaining to any RICs, might restrict such BDC Fund’s flexibility as compared with its competitors. The need to compete for investment opportunities may make it necessary for the Funds to offer borrowers or companies in which it makes debt and/or equity investments more attractive terms than otherwise might be the case.

Diverse Investor Group.

The investors may have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Firm, 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 appropriately for the Funds, the Firm will consider the investment and tax objectives of the Funds as applicable, and the investors as a whole, and not the investment, tax, or other objectives of any investor individually.

Equity and Convertible Debt.

The Debt Funds may invest in special situations, including convertible debt instruments, including those issued by companies of diverse capitalization including, without limitation, early-stage private companies, public and late-stage private companies, and companies undergoing restructuring or recapitalization of their existing debt or equity financing. Convertible debt generally offers lower interest yields than nonconvertible debt of similar quality and often will offer conversion into the next round of financing at a discount to the final valuation. The conversion price is the predetermined price at which the debt instrument could be

exchanged for the associated stock. In most cases of a convertible debt investment, the investment is considered by the Firm to be the equivalent of an equity investment and is treated as such during the diligence process. Further, in most cases, the instrument does not have a redemption option and will automatically convert once the next round of financing is raised.

Subordinated Debt.

The Debt Funds may invest in special situations, including subordinated debt instruments, which tend to be predominantly high-yield non-convertible debt securities without a first lien position. Investments in high-yield securities involve substantial risk of loss. Sub-investment grade non-convertible debt securities, or comparable unrated securities, are commonly referred to as “junk debt” and are considered speculative with respect to the issuer’s ability to pay interest and principal, and are susceptible to default or decline in market value due to adverse economic or business developments. If publicly traded, the market values for high-yield securities tend to be very volatile, and these securities are less liquid than investment-grade debt securities. In certain situations, a Debt Fund may also choose to make a subordinated debt investment in companies that already have an existing debt provider. In these situations, such Debt Fund generally considers the debt of equivalent quality to other senior secured loans the Debt Fund has made. Further, a Debt Fund may also choose to subordinate existing outstanding debt as part of a restructuring or work-out arrangement in order to allow the company to successfully complete a transaction such as an acquisition or round of financing. There can be no assurance that the subordination will work to the benefit of the applicable Debt Fund.

Interest Rate Risk.

The Debt Funds make loans to portfolio companies in which the interest rate is fixed upon funding. Changes in the external interest rate could adversely affect a Debt Fund’s performance due to such Debt Fund’s borrowing. As stated below in “Leverage”, to the extent that a Debt Fund uses leverage in order to acquire loans, the Firm attempts to mitigate the interest rate risk by hedging some or all of the amount borrowed.

Leverage.

The Debt Funds intend to borrow money from, and issue debt securities to, banks, insurance companies and other lenders to obtain additional funds to originate venture loans. The Debt Funds will do this if such borrowings are available on terms that are acceptable to the Firm and board of directors of the Debt Funds. Any borrowings of the BDC Funds will be subject to the asset coverage requirements under the 1940 Act. The use of leverage increases investment risk. Each Debt Fund's use of leverage is premised upon the expectation that the Debt Fund's all-in borrowing costs will be lower than the return the Debt Fund achieves on its investments. To the extent the income derived from investments purchased with borrowed funds exceeds the cost of borrowing, the Debt Fund's overall return will be greater than if leverage had not been used. Conversely, if the income or capital gain from the investments purchased with borrowed funds is not sufficient to cover the cost of borrowing, or if the Debt Fund incurs capital losses, the return to the Debt Fund will be less than if leverage had not been used, and therefore the amount available for distribution will be reduced or potentially eliminated. Furthermore, since the calculation of the management fee for the Debt Funds are based, commencing two years after the closing of the offering, on a percentage of the managed assets, such fee will be higher if the Debt Fund utilizes leverage than if no borrowings were incurred. The lenders require that the Debt Funds pledge portfolio assets as collateral for borrowings. If the Debt Funds are unable to service the borrowings, the Debt Funds may risk the loss of such pledged assets. Lenders are also expected to require that the Debt Funds agree to loan covenants limiting the Debt Funds' ability to incur additional debt or otherwise limiting the Debt Funds' flexibility, and loan agreements may provide for acceleration of the maturity of the indebtedness if certain financial tests are not met. To minimize risks associated with lending money at fixed rates, the Debt Fund may enter into interest rate hedging transactions with respect to all or any portion of the Debt Fund's borrowings. There can be no assurance that such interest rate hedging transactions will be available in forms or at prices acceptable to the Debt Funds. In addition, entering into interest rate hedging transactions usually raise costs to the Debt Funds. Finally, it is possible that the Debt Funds could incur losses from being "overhedged," which would result if the loan that was hedged is repaid faster than expected.

Regulation.

By virtue of its exclusion from registration pursuant to either Section 3(c)(7) or Section 3(c)(1) of the 1940 Act, each of the Equity Fund and the LLCs (collectively, “Private Funds”) will operate as a private investment company. Therefore, with the exception of Section 12, the Private Funds will not be regulated under the 1940 Act. Among other things, Section 12 regulates investments in other investment companies and certain provisions in Section 12 apply to private investment companies. The BDC Funds, on the other hand, will elect to be treated as BDCs under the Small Business Incentive Act of 1980, which modified the 1940 Act. Although BDCs are now exempt from registration as investment companies under the 1940 Act and are relieved from compliance with a number of the provisions of the 1940 Act, there are now greater restrictions in some respects on permitted types of investments for BDCs. Moreover, the applicable provisions of the 1940 Act continue to impose numerous restrictions on the activities of such BDC Funds, including restrictions on leverage and on the nature of its investments. There can be no assurance that the Small Business Incentive Act of 1980 as applicable to such BDC Funds will be interpreted or administratively implemented in a manner consistent with such BDC Funds’ objectives or manner of operation.

Litigation.

The Debt Funds could be subject to litigation by borrowers, based on theories of breach of contract to lend, “lender liability” or otherwise in connection with its loan and investment transactions. A plaintiff in such a lawsuit may seek to include the parent as defendants even if only the subsidiary were the lender. The defense of such a lawsuit, even if ultimately determined to be without merit, could be costly and time-consuming, to both the Firm and the Debt Funds.

Tax Status.

Each BDC Fund must meet a number of requirements to qualify for the pass-through status as a RIC and, if qualified, to continue to so qualify. For example, such BDC Fund must meet specified asset diversification standards under the Code, which might be difficult to meet if the borrowers under some loans drew down their committed financing at a faster rate than other borrowers, particularly during the early periods of the BDC Fund’s operations. If a BDC Fund experiences difficulty in

meeting the diversification requirement for any fiscal quarter of its taxable year, it might accelerate capital calls or, if available, borrowings in order to increase the portion of the BDC Fund's total assets represented by cash, cash items and U.S. government securities as of the close of the following fiscal quarter and thus attempt to meet the diversification requirement. Each BDC Fund, however, would incur additional interest and other expenses in connection with any such accelerated borrowings, and increased investments by the BDC Fund in cash, cash items and U.S. government securities (whether the funds to make such investments are derived from called equity capital or from accelerated borrowings) are likely to reduce the BDC Fund's return. Furthermore, there can be no assurance that the BDC Fund would be able to meet the diversification requirements through such actions. Failure to qualify as a RIC would deny the BDC Fund pass-through status and, in a year in which the BDC Fund has taxable income, would have a significant adverse effect on the return of the BDC Fund. When the BDC Fund elects to convert its status from that of an ordinary, or C, corporation to that of a RIC, it must choose either to (i) pay tax whenever an asset is sold during the ten years following the conversion on the amount of gain which would have been realized had the asset been sold on the conversion date, or (ii) treat the entire amount of "built-in gain" as income at the time of conversion. Each such BDC Fund has received an opinion that, assuming the BDC Fund's election to be a BDC under Sections 6(f) and 54 of the 1940 Act will be valid and will remain in effect and that the BDC Fund otherwise meets the qualification requirements set forth in Section 851(b) and the distribution requirements in Section 852(a) of the Code. If the BDC Fund's status as a RIC is challenged by the Internal Revenue Service (the "IRS") in court and properly litigated, a court of competent jurisdiction will respect that status for federal income tax purposes. If the SEC were to disallow a BDC Fund's registration as a BDC, then the BDC Fund would not be eligible to be treated as a RIC and, therefore, would be subject to federal corporate tax on its income and gains. The opinions referred to above are based on the Code, regulations thereunder, IRS rulings, procedures and pronouncements, court decisions and other applicable law as of the date hereof, and certain representations that the applicable BDC Funds have made to their legal counsel. Legal opinions, however, are not binding on the IRS or the courts, and no ruling has been or will be requested from the IRS. No assurance can be given that the IRS will concur with such opinion.

The Private Funds will be classified as partnerships for U.S. federal income tax purposes. Accordingly, the Private Funds do not pay taxes on their taxable income,

but rather allocates their taxable income among its investors. Thus, an investor will be allocated its share of the taxable income of the Private Funds and be required to pay the taxes with respect to such allocation regardless of whether the Private Fund has distributed sufficient cash to the members to pay such taxes.

Allocation of Expenses.

Debt Funds

Each Debt Fund will pay all expenses (including accounting, legal, printing, clerical, filing and other expenses) incurred by the Debt Fund, or the Firm or its affiliates on behalf of the Debt Fund, in connection with the organization of the Debt Fund and the initial offering of its interests. Except those specifically required to be borne by the Firm, each Debt Fund will pay all of its operating expenses, including: (i) brokerage, legal, accounting and commission fees and expenses and other transaction costs related to acquisitions, dispositions and/or restructurings (including collection and/or workout costs and expenses) of investments (including investments that are not consummated), any hedging transactions with respect thereto and the creation and perfection of security interests with respect thereto; (ii) federal, state and local taxes and fees, including transfer taxes and filing fees, incurred by or levied upon the Debt Fund; (iii) interest charges and other fees and expenses incurred in connection with borrowings (including without limitation costs and expenses incurred in connection with negotiating with one or more lenders to the Debt Fund (including prospective lenders) to structure, such as obtaining a loan syndicate and to satisfy any conditions imposed by lenders to the Debt Fund), such as obtaining a security bond; (iv) SEC fees and expenses, including the expenses of compliance by the Debt Fund and its directors with SEC rules, regulations, and filing requirements, and any fees and expenses of other federal or state securities or other regulatory authorities; (v) expenses of preparing, printing and distributing Debt Fund reports and notices; (vi) costs of proxy solicitation; (vii) costs of meetings of stockholders and the board of directors; (viii) charges and expenses of the Debt Fund's custodian, transfer and dividend disbursing agents; (ix) any fees and expenses incurred to conduct background checks on the management personnel of prospective Debt Fund investments; (x) compensation and expenses of the Debt Fund's disinterested directors (which at present include a \$20,000 annual fee for each disinterested director, an additional \$10,000 annual fee for the chair of the Debt Fund's Audit Committee, and a fee of \$1,000 per meeting, which amounts

may be revised as determined by the Debt Fund's Nominating and Corporate Governance Committee), expenses of directors in attending board meetings, expenses of directors and officers liability insurance, and payments under indemnification agreements; (xi) expenses of administrators, custodians, counsel and auditors; (xii) costs of any certificates representing the shares of stock of the Debt Fund, if any; (xiii) costs of stationery and supplies; (xiv) the costs of membership by the Debt Fund in any trade organizations (including Investment Company Institute membership dues for both the Debt Fund and the Firm); (xv) expenses associated with the preparation of tax returns, and financial statements and obtaining accounting and tax advice; (xvi) all costs and expenses associated with litigation involving the Debt Fund and the amount of any judgment or settlement in connection therewith; (xvii) costs and expenses incurred in connection with valuing the Debt Fund's investments, including valuation software and the retention of any valuation expert; and (xviii) other extraordinary or non-recurring expenses (such as litigation expenses or indemnification expenses).

The operating expenses required to be borne by the Firm are limited to: (i) all costs and fees incident to the selection and investigation of prospective Debt Fund and investments, such as travel expenses and professional fees (but excluding broker, legal and accounting fees and other costs incident to the documentation, closing or consummation of such transactions, and further excluding any fees and expenses incurred to conduct background checks on the management personnel of prospective Debt Fund and investments); (ii) the cost of adequate office space for the Debt Fund and all necessary office equipment and services, including telephone service, heat, utilities and similar items; (iii) the cost of providing the Debt Fund with such corporate, administrative and clerical personnel (including officers and directors of the Debt Fund who are interested persons of the Firm and are acting in their respective capacities as officers and directors, except as specifically carved out above as a Debt Fund expense) as a Debt Fund's board of directors reasonably deems necessary or advisable to perform the services required to be performed by the Firm under the investment management agreement; (iv) the cost of providing the BDC Funds with such corporate, administrative and clerical personnel as the Firm reasonably deems necessary or advisable to perform the services required to be performed by it under the operating agreement of the BDC Funds, except as specifically carved out above as a Debt Fund expense; and (v) costs and expenses associated with the Firm's registration or compliance with, or examination by the SEC with respect to, the Investment Advisers Act of 1940, as amended (the

“Advisers Act”) (other than charges and expenses of the Debt Funds’ or the BDC custodian, transfer and dividend disbursing agents or any other costs or expenses associated with the acquiring, holding or disposing of the Funds’ or the assets, whether required by the Advisers Act (or similar state laws) or otherwise).

If an LLC is not deemed to be engaged in a trade or business, individuals and certain other persons who are investors will be required to include in their gross income their allocable share of certain Debt Fund expenses relating to the production of gross income that are allocable to the LLCs. These members, therefore, may be deemed to receive gross income from the LLCs in excess of the distributions they actually receive. Such allocated expenses may be deductible by an individual member as a miscellaneous itemized deduction, subject to the limitation on miscellaneous itemized deductions not exceeding 2% of adjusted gross income to the extent the Debt Funds are not engaged in a trade or business, and such allocated expenses are not deductible in calculating the alternative minimum tax for individuals and certain other persons.

Equity Fund

The Equity Fund will bear all expenses incident to the organization of the Equity Fund, the General Partner and related entities as well as offering and other similar expenses related to the Equity Fund. In addition, the Equity Fund shall also bear all costs incurred by the Equity Fund, the General Partner and the Firm on behalf of the Equity Fund (except for those costs and expenses borne by the Firm) in connection with operation of its business, including all costs and expenses incurred in respect of: (i) the purchase, holding or sale or other disposition of securities, including reasonable private placement and finder’s fees in contemplation of an investment by the Equity Fund; (ii) federal, state and local taxes and fees incurred by or levied upon the Equity Fund, including real property or personal property taxes on investments, filing fees, brokerage fees, taxes and fees applicable to the Equity Fund on account of its operations (including fees incurred in connection with the maintenance of bank or custodian accounts, as well as any fees payable to transfer or dividend disbursing agents); (iii) legal, audit, and other expenses incurred in connection with the registration of the Equity Fund’s portfolio securities under the applicable securities laws; (iv) brokerage, legal, accounting and commission fees and expenses incurred in connection with the purchase or sale or other disposition of securities (whether or not such purchase, sale or other disposition is ultimately

consummated), or in connection with the restructuring or hedging of any investment by the Equity Fund; (v) interest charges and other fees and expenses incurred in connection with any permitted borrowings (including without limitation costs and expenses incurred to satisfy any conditions imposed by lenders to the Equity Fund); (vi) any fees and expenses associated with complying with requirements imposed by any federal and state securities or other regulatory authorities, including the expenses of compliance by the Equity Fund with federal and state securities rules, regulations and filing requirements, if any; (vii) fees and expenses of investment advisers and independent consultants incurred in investigating and evaluating investment opportunities (including any fees incurred to conduct background checks on the management personnel of prospective Equity Fund investments); (viii) fees of any independent certified public accountants incurred in connection with the annual audit of the Equity Fund's books and the preparation of the Equity Fund's annual tax return, costs of independent appraisers, legal and custodian expenses of the Equity Fund, expenses of Equity Fund administrators and accounting expenses paid to third parties for the maintenance of the Equity Fund's books and records and preparation of reports; (ix) costs of stationary and supplies; (x) premiums associated with insurance, if any, to insure against any claims that could be made directly against the Equity Fund, the General Partner or the Firm (or any other persons entitled to indemnification under the terms of the Equity Fund's partnership agreement) or that could give rise to a fund liability to indemnify any such persons pursuant to the partnership agreement; (xi) preparation and other expenses associated with notices and annual and other reports to the partners of the Equity Fund, costs associated with any Equity Fund information meetings, expenses of the Advisory Committee meetings and reimbursement of reasonable out-of-pocket costs for the Advisory Committee members and the General Partner's representatives to attend such meetings; (xii) costs and expenses incurred in connection with valuing the Equity Fund's investments, including valuation software and the retention of valuation experts; (xiii) all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings relating to the Equity Fund brought by or against the Equity Fund, the Firm or the General Partner, or the members, partners, employees or agents or former members, partners, employees or agents of any of the foregoing, including all costs and expenses arising out of or resulting from the Equity Fund's indemnification obligations pursuant to the terms of the partnership agreement and (xiv) any other extraordinary or non-recurring expenses. The Equity Fund shall also bear all costs, fees and expenses incurred in connection with the liquidation of the

Equity Fund's assets, including without limitation legal and accounting fees and expenses.

From the management fee, the Firm shall pay the following normal overhead and administrative expenses incurred by the General Partner and the Firm in connection with the management of the Equity Fund: (i) salaries and wages, entertainment and other customary expenses of the Equity Fund's, the General Partner's and the Firm's employees and personnel; (ii) rentals payable for space used by the Equity Fund, the General Partner or the Firm; and (iii) expenditures for equipment used by the Equity Fund, the General Partner or the Firm.

Calculation of Management Fees.

The calculation of management fees could result in the fees being disproportionately large relative to the value of a Debt Fund's portfolio if the total assets of such Debt Fund are lower than the committed equity capital. This could occur, for example, with the calculation of the management fees payable commencing two years after the first closing, if the pace of investment is slower than expected, if the loans in the Debt Fund's portfolio are repaid at a rapid rate during such period, or if a large number of the companies in which the Debt Funds hold equity securities are acquired during such period, resulting in total assets of the Debt Fund being low compared to the committed equity capital on which management fees are based.

Investment Risks

International Investments.

The BDC Funds may invest up to, but not more than, 30% of total assets in foreign-based companies. Foreign investments are subject to most of the same risks as domestic investments, in addition to political, economic and other uncertainties associated with foreign activities, including the risk of war and political unrest, the impact of laws and policies of foreign governments and the United States affecting foreign investment, and the possibility of being subject to the jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of courts in the United States. Furthermore, there may be practical and local legal impediments to cost-effective recovery against collateral

located in a foreign country. Moreover, it is possible that taxes may be required to be withheld by the foreign company on dividend and interest payments received by the BDC Funds with respect to such foreign investments. Although capital gains derived by the BDC Funds with respect to such investments in such foreign companies may often be exempt from non-U.S. income or withholding taxes, the treatment of capital gains varies among jurisdictions. If the income from such foreign investments is subject to non-U.S. income or withholding taxes, the BDC Funds will attempt to negotiate offsetting gross-up payments from the foreign based company. No assurances, however, can be given that the BDC Funds will be able to negotiate such offsetting payments.

Foreign currency and exchange rate risks.

The Funds will seek to denominate both assets and income in USD when possible; however, they may be denominated in various currencies. Contributions and distributions, however, will be denominated in U.S. dollars. As a result, the return of the Funds on any investment may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of local currencies, inflationary pressures, and the success of the investment itself. In addition, the Funds may incur costs in connection with conversions between various currencies.

Accounting and disclosure standards.

Accounting, auditing, financial, and other reporting standards, practices, and disclosure requirements in countries in which the Funds may invest are not necessarily equivalent to those required under United States Generally Accepted Accounting Principles (US GAAP) or International Accounting Standards (IAS). Accordingly, less consistent information may be available to investors.

Credit Risks.

Most of the companies with which the Funds will enter into financing transactions will not have achieved profitability, may experience substantial fluctuations in their operating results and, in many cases, will not have significant operating revenues. The ability of any borrower to meet its obligations to the Debt Funds, therefore, will depend to a significant extent on the willingness of such borrower's venture capital equity investors or outside investors to provide additional equity financing, which

in turn will depend on the borrower's success in meeting its business plan, the market climate for venture capital investments generally and many other factors. The companies to which the Debt Funds will provide financing will frequently be engaged in the development of new products or technologies, and the success of these efforts, or the ability of the companies to successfully manufacture or market products or technologies developed, cannot be assured. These companies frequently face intense competition, including competition from companies with greater resources, and may face risks of product or technological obsolescence, non-acceptance in the market, or rapidly changing regulatory environments, any of which could adversely affect their prospects. The success of such companies often depends on the talents of management and efforts of one person or small group of persons whose death, disability or resignation would adversely affect the company. Further, many of these companies are located within the Silicon Valley region, and a significant natural disaster such as an earthquake may have an adverse effect on the ability of these companies to continue operating.

Remedies Upon Loan Default.

In the event of a default on a portfolio loan, the available remedies to the Debt Funds include legal action against the borrower and foreclosure or repossession of collateral given by the borrower. A Debt Fund may experience significant delays in exercising its rights as a secured lender, and might incur substantial costs in taking possession of and liquidating its collateral and in taking other steps to protect its investment. The Debt Funds may also choose to delay the exercise of these rights in order to allow the company to pursue its options if the Debt Fund(s) believe that by doing so they will achieve a better outcome.

In the case of growth capital or working capital loans (where the loan proceeds can be used by the company for any general corporate purposes), the Debt Funds will typically receive either a broad lien on substantially all of the borrower's assets, including its intellectual property, or a lien on substantially all of the borrower's assets, excluding intellectual property, with a negative pledge on such intellectual property. With a negative pledge, the borrower pledges not to grant a lien on its intellectual property to others. Realization of value from intellectual property collateral can be time-consuming and present special challenges, given the often unique nature and limited market for such assets. The Debt Funds' ability to obtain repayment beyond the collateral underlying the loan from the borrower might be

limited by bankruptcy or similar laws affecting creditors' rights. In limited instances where the Debt Funds take security interests in a borrower's assets located in a foreign country, there may be practical and local legal impediments to the cost-effective recovery of such collateral. Therefore, there can be no assurance that the Debt Funds would ultimately recover the full amount owed on a defaulted loan.

For equipment loans, the Debt Funds generally have a first priority security interest in any equipment that the borrower financed with the proceeds of the Debt Funds' loans. The security interest may extend to the borrower's other assets or another lender might have a senior or parity security interest in the borrower's other assets. As noted above, the Debt Funds will utilize certain of its funds in investments that involve the financing of equipment assets. Equipment assets are often subject to rapid depreciation or obsolescence such that it is likely the value of the assets underlying a loan to finance such assets will depreciate during the term of the loan transaction to an amount below the amount of the borrower's obligations. In addition, although borrowers will be required under the transaction documents to provide customary insurance for the assets underlying a loan, and will be prohibited from disposing of the assets without the Debt Funds' consent, compliance with these covenants cannot be assured and, in the event of non-compliance, the assets could become unavailable to the Debt Funds due to destruction, theft, sale or other circumstances.

On occasion, the Debt Fund(s) will make loans to a borrower that has one or more other secured lenders, including other Debt Funds managed by the advisor. In such circumstances, the Debt Funds may share all or a portion of the collateral with the other lender(s) and will enter into intercreditor agreements governing the respective rights of the Debt Funds and such other lender(s), which could limit the Debt Funds' flexibility in pursuing its remedies as a secured creditor, and reduce the proceeds realized from foreclosing or taking possession of the collateral.

Emerging Company Risks.

The possibility that the companies in which the Funds invest will not be able to commercialize their technology or product concept presents significant risk. Additionally, although some of such companies may already have a commercially successful product or product line at the time of investment, technology products and services often have a more limited market or life span than products in other

industries. Thus, the ultimate success of these companies may depend on their ability to continually innovate in increasingly competitive markets. Most of the companies in which the Funds invest will require substantial additional equity financing to satisfy their continuing growth and working capital requirements. Each round of venture financing is typically intended to provide a company with enough capital to reach the next stage of development. The circumstances or market conditions under which such companies will seek additional capital is unpredictable. It is possible that one or more of such companies will not be able to raise additional financing or may be able to do so only at a price or on terms which are unfavorable. Should the company be unable to raise financing when the company is not profitable, it will likely be unable to continue fulfilling its obligations to repay its debt.

Privately Held Company Risks.

The Funds intend to invest primarily in privately held companies. Generally, very little public information exists about these companies, and the Funds will be required to rely on the ability of the Firm to obtain adequate information from management and other sources to evaluate the potential returns from investing in these companies. Moreover, these companies typically depend upon the management talents and efforts of a small group of individuals, and the loss of one or more of these individuals could have a significant impact on the investment returns from a particular company. Also, these companies frequently have less diverse product lines, lower capital reserves and a smaller market presence than larger companies. They are thus generally more vulnerable to economic downturns or shifting market conditions and may experience substantial variations in operating results.

Due diligence risks.

Before making investments, both debt and equity, the Firm 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, the Firm will be required to rely on resources available to it, including information provided by the management of the prospective portfolio company, and, in some circumstances, third party investigations. The due diligence process may at times be subjective with respect to

newly organized companies for which only limited information is available. Accordingly, there can be no assurance that the due diligence investigation that the Firm 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.

Global Economic Conditions

The ability of the Funds to provide an acceptable return may be adversely affected by global economic and financial market conditions. There are many global, financial and economic imbalances that could lead to market turmoil that could have a material adverse effect on the Funds' business and operations. Any tightening of the credit markets could impair the Debt Funds' ability to utilize leverage to maximize the return it achieves on investments. The first four Debt Funds, and, to a lesser extent, Fund V, Fund VI, Fund VII and Fund VIII utilize leverage to maximize return to investors. If the Debt Funds are unable to utilize leverage to the same extent as the prior debt funds, or unable to utilize leverage at all, there could be a material difference in the Debt Funds' return to investors as compared to the prior debt funds. It is possible that market conditions could decrease the demand for venture loans. Furthermore, market conditions could also adversely impact the ability of the Debt Funds' borrowers to meet their obligations to the Debt Fund and the value of the Debt Funds' direct investments in companies. Most of the companies in which the Funds will invest will require substantial equity financing to satisfy their continuing growth and working capital requirements. An economic downturn could decrease the demand for such company's products and technology, thereby impairing such company's financial condition and ability to raise additional equity financing from outside investors. This could result in an increase in borrower defaults under their obligations to the Debt Funds, and/or a decrease in the value of the Funds' direct equity investments. U.S. and global economic conditions could continue to deteriorate and remain weak for an extended period of time.

Speculative Nature of Warrants and Equity Investments.

The value of the warrants that the Debt Funds generally receive in connection with their financing investments is dependent on the value of the equity securities for

which the warrants can be exercised. The value of such warrants, direct equity investments, and equities received upon conversion of debt instruments is dependent primarily on the success of the company's business strategy and the growth of its earnings, but also depends on general economic and equity market conditions. The prospects for achieving consistent profitability in the case of many companies in which the Funds invest are speculative. The warrants, equity securities for which the warrants can be exercised, direct equity investments, and equities received upon conversion of debt instruments generally will be restricted securities that cannot readily be sold for some period of time. If the value of the equity securities underlying a Debt Fund's warrant does not increase above the exercise price during the life of the warrant, the Debt Funds, would permit the warrant to expire unexercised and the warrant would then have no value.

Illiquidity of Investments.

The Funds anticipate that substantially all of their investments (other than short-term investments) will consist of debt and/or private securities for which, at the time of acquisition, no ready market will exist. In the case of warrants or equity securities, the Funds generally will realize the value of such securities only if the issuer is able to make an initial public offering of its shares, or enters into a business combination with another company which purchases the Funds' warrants or equity securities or exchanges them for publicly-traded securities of the acquirer. In certain instances, such as an IPO or acquisition by a public company for which equity is issued as consideration, the Funds may receive restricted securities. Restricted securities cannot be sold publicly without prior agreement with the issuer to register the securities under the 1933 Act, or by selling such securities under Rule 144 or other provisions of the 1933 Act which permit only limited sales under specified conditions. When restricted securities are sold to the public, a Fund, under certain circumstances, may be deemed an "underwriter" or a controlling person with respect thereto for the purposes of the 1933 Act, and be subject to liabilities as such under that Act. Because of the illiquidity of the Funds' investments, most of their assets will be carried at fair value as determined by the Firm and, in the case of the Debt Funds which are BDC's, approved by the Board of Directors. This value will not necessarily reflect the amount ultimately realized upon a sale of the assets. Venture loans and equity investments are privately negotiated transactions, and there is no established trading market in which such loans and equity investments can be sold. The feasibility of such transactions

depends upon the entity's financial results as well as general economic and equity market conditions. A crisis in the financial markets could dramatically reduce the volume of initial public offerings and mergers and acquisitions in the market place. If such crisis occurs, the Funds' ability to realize liquidity through its investments will be impaired. Furthermore, even if the restricted warrants or equity securities owned by a Fund become publicly-traded, the Fund's ability to sell such securities may be limited by the lack (or limited nature) of a trading market for such securities. If the Funds hold material nonpublic information regarding the issuer of the securities, the Funds' ability to sell such securities may also be limited by insider trading laws.

Non-Diversified Status.

Each of Fund VI, Fund VII and Fund VIII will be classified as a "non-diversified" investment company under the 1940 Act. At such time as these Debt Funds meet certain asset diversification requirements, these Funds intend to qualify as RICs under the Code and will thereafter seek to continually meet the diversification standards thereunder. Nevertheless, the Debt Funds' assets may be subject to a greater risk of loss than if its investments were more widely diversified.

Conflicts of Interest.

The Firm serves as investment manager for several Funds. The Board of Directors of each of Fund VII and Fund VIII will approve or adjust the allocation amount of any investment recommended by the Firm in which two Funds are investing. The Firm allocates such opportunities among the Funds in a manner deemed fair and equitable considering all of the circumstances in accordance with procedures approved by these Funds' Board of Directors (including a majority of the disinterested directors) and Advisory Board, respectively.

Opportunities to make an equity investment may arise, as a result of existing debt relationships or from a contractual right, after the investment period for a Debt Fund has ended. The Debt Fund will consider whether to make the investment using the same criteria for any equity investment, including whether the investment is expected to be accretive to the overall return, and any other factors which the investment partner deems relevant. The Debt Fund may also have the opportunity to continue making equity investments on a *pro rata* basis as companies in which

the Debt Fund already holds an investment raise further rounds of capital. The Debt Fund will be able to make these investments should the investment partner(s) believe that it is a sound investment decision.

In certain circumstances, it is possible that the Debt Fund may own debt of an issuer while a predecessor Debt Fund may own equity in the same issuer (or the Debt Fund may own equity in an issuer while a predecessor Debt Fund owns debt of the same issuer), which may result in conflicts of interest in certain circumstances. For example, if a reorganization or other major corporate event occurs with respect to such issuer, conflicts may exist between the debt holders and the equity holders, and, possibly, between the Fund on the one hand and a predecessor Debt Fund on the other hand. The Firm will seek to resolve such conflicts of interest in a fair and equitable manner. This may result in the Debt Fund, as applicable, receiving less consideration than it may have otherwise received in the absence of such conflict of interest.

Similarly, the Equity Fund may purchase investments in which a Debt Fund already has an interest, or otherwise a Debt Fund may purchase an investment in a portfolio company of the Equity Fund, and may do so at different points in time. As investment advisor to both the Equity Fund and the Debt Funds, Westech would owe a fiduciary duty to the Debt Funds as well as to the Equity Fund. If any of the Debt Funds were to purchase high yield securities or other debt instruments of a portfolio company, or if the Equity Fund were to acquire an equity interest in a portfolio company in which any of the Debt Funds then hold an interest in the debt of such portfolio company, Westech may, in certain instances, face a conflict of interest in respect of decisions made with regard to such Debt Fund and the Equity Fund (e.g., with respect to the terms of such high-yield securities or other debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

From time to time the Firm may have an opportunity to evaluate an investment in a company in which an Access Person or an Access Person's family member has a preexisting personal investment or an employment or other material relationship. In such cases, it is the policy of Westech and the Funds that the Access Person notifies the investment team of such a conflict and recuses himself or herself from the deal approval process and any future decisions regarding that company. In addition, if the Funds proceed with an investment in such a company, such potential

conflicts are disclosed to the Fund's board of directors or Advisory Board, as applicable.

Please refer to the applicable Fund's confidential Private Placement Memorandum for a more detailed description of the relevant allocation methodology.

Intercreditor Agreements.

In each transaction in which more than one lender is present (including when more than one Debt Fund is a lender), it is expected that the Debt Funds will enter into an intercreditor agreement pursuant to which the Debt Funds will cooperate in pursuing their remedies following a default by the common borrower. Generally, under such intercreditor agreements between Debt Funds, each party would agree that its security interest would be treated in parity with the security interest of the other party, regardless of which security interest would have priority under applicable law, but intercreditor agreements may vary from deal to deal.

Accordingly, proceeds realized from the sale of any collateral or the exercise of any other creditor's rights may be allocated between the Debt Funds *pro rata* in accordance with the amounts still outstanding of their respective investments. An exception to the foregoing arrangement would occur in situations where, for example, one of the lenders financed specific items of equipment collateral or receivables; in that case, usually the lender who financed the specific assets will have a senior lien on that asset, and the other lender will have a junior priority lien (even though they may ratably share liens of equal priority on other assets of the common borrower). As a result of such intercreditor agreements, the Debt Funds may have less flexibility in pursuing its remedies following a default than it would have had had there been no intercreditor agreement, and a Debt Fund may realize fewer proceeds. In addition, because the Debt Funds often invest at the same time in the same borrower, such borrower would be required to service two loans rather than one. Any additional administrative costs or burdens resulting therefrom may make the Funds a less attractive lender, and may make it more difficult for the Debt Funds to acquire such loans.

Interest of the Managing Member/General Partner

The allocations and distributions to the managing member and General Partner are based on a percentage of the Funds' overall distributions to their investors. The

Firm believes this structure might benefit the Funds by creating a greater congruity of economic interest between the Funds and the managing member and/or General Partner. This structure, however, might also create an incentive for the Firm (as the managing member/general partner and the investment manager) to make investments that are riskier or more speculative than would be the case in the absence of such structure.

Effect of Leverage.

During the first two years of the Debt Funds' investment operation, the management fee will be calculated with reference to the committed equity capital of the LLCs, regardless of when or if all of such capital is called. Thereafter, the management fee will be based on a percentage of the Debt Funds' assets, including amounts derived from borrowed funds. Therefore, decisions by the Firm to cause the Debt Funds to borrow additional capital may increase the quarterly fees payable to the Firm. The overall borrowing limits of each of Fund VI, Fund VII, and Fund VIII, however, are set by these Funds' Board of Directors in light of its fiduciary obligations and are also limited by the provisions for leverage determined in the 1940 Act.

Indemnification and Exculpation.

The organizational documents of the BDC Funds provide for indemnification of directors, officers, employees, advisory board members and agents (including the Firm) of the BDC Funds to the full extent permitted by applicable state law and the 1940 Act, including the advance of expenses and reasonable counsel fees. The charter of the BDC Funds also contains a provision eliminating the personal liability of a BDC Funds' director or officer to the BDC Funds or its stockholder for monetary damages, subject to specified exceptions. The operating agreement of the LLCs contains a similar provision. A successful claim for such indemnification, including payment of any expenses and counsel fees, would reduce the applicable BDC Funds' assets by the amounts paid.

The organizational documents of the Equity Fund provide for indemnification of the General Partner, its partners, members, employees, and agents, affiliates of the foregoing and the members of the Advisory Committee for liabilities incurred in connection with the affairs of the Equity Fund.

Disinterested Directors.

Although the continued service of all directors of Funds VI, VII and VIII will be subject to annual election by members, the initial selection of directors, including the disinterested directors, will be made by the Firm. The members of these Debt Funds' Board of Directors will overlap with the corresponding members of the LLCs' advisory boards, with the members of the LLCs' advisory boards being the same as, or a subset of, the disinterested directors of the Debt Funds. Although the Firm expects that, given the corresponding LLCs' 100% ownership of the Debt Funds, the interests of the two entities will not diverge, it is conceivable that a conflict of interest could exist between the Debt Funds and the LLCs. The officers of the Firm may be passive investors in companies in which the Funds are considering an investment, either directly or through an investment in a venture capital fund that, in turn, is an investor in such a company. Although the Firm and the Debt Funds have adopted a policy that any direct interest be disclosed by the officer and reported to the Board of Directors of the Debt Fund, and that such officer refrain from participating in the decision to offer credit to, or make an investment in, the respective company, such investments create a potential conflict of interest, in that the officer could try to influence the Debt Funds' investment decisions with regard to such company.

Advisory Committee

The Equity Fund shall have an Advisory Committee selected by the General Partner. The Advisory Committee will review certain conflict of interest matters presented to the Advisory Committee by the General Partner.

Equity Fund Specific Risks**Investment opportunity risk.**

While Westech expects that the Equity Fund will benefit from equity investment opportunities which arise as a result of Westech's broad network, it is expected that a substantial source of the Equity Fund's investment opportunities will result from opportunities to make equity investments in portfolio companies of the Debt Funds where such opportunities were contractually granted to such Debt Funds in connection with debt investments made by such Debt Funds. While the active Debt Funds will continue to endeavor to obtain contractual rights to invest in future equity financings of their respective portfolio companies, there is no guarantee that

the active Debt Funds will continue to be successful in obtaining these contractual rights in the future.

Lack of diversification.

The Equity Fund is subject to limited or no diversification requirements and may invest in a limited number of companies, sectors, countries, or regions. The Equity Fund may invest a portion of its assets in privately-held technology companies without histories of profit and stability. These companies may 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. 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. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage. To the extent the Equity Fund concentrates its investments in a particular company, sector, country, or region, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, sector, country, or region. As a consequence, the aggregate return of the Equity Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Equity Fund has invested. Currently, the Equity Fund intends to focus its investments primarily in venture-backed technology companies, and any downward trends affecting the technology sector could have a material adverse effect on the Equity Fund's performance.

Increased Exposure to Debt Fund's Portfolio Companies.

The Equity Fund will primarily be making equity investments in companies in which the Debt Funds have made a debt investment and, in many cases, an equity investment. Accordingly, investors in the Equity Fund that are also investors in the Debt Funds may already have exposure to the Equity Funds' portfolio companies through their investment in the Debt Funds, and an investment in the Equity Fund will increase that exposure.

Item 9 – Disciplinary Information

Neither WTI, nor any management person, has had legal or disciplinary events (*i.e., criminal or civil action in domestic, foreign or military court, administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or self-regulatory organization*) that are material to evaluating the Firm’s advisory business or its integrity.

Item 10 – Other Financial Industry Activities and Affiliations

There are certain relationships involving some of the Firm’s principals and employees that may present potential conflicts of interest. The Firm may recommend that the Funds invest in companies in which a principal or employee has a prior personal investment or for which a principal or employee may serve as a director or advisor. The Firm also may recommend that the Funds invest in companies in which venture capital funds, private equity funds or other institutional investors (“Unaffiliated Funds”) also have made investments, where one or more principals or employees of the Firm may have made an investment in, or served as an advisor to, an investing Unaffiliated Fund. The Firm believes that these relationships generally benefit the Funds in that they provide the Firm’s principals and employees with access to investments and information that might not otherwise be available to the Firm and the Funds.

Nonetheless, the relationships present potential conflicts of interest in that the relationship could provide the Firm principal or employee in question with an incentive to influence the Firm’s decision to recommend an investment in the company in question. They also present potential conflicts of interest in that the Firm principal or employee in question could use information acquired through association with the Firm to influence or benefit Unaffiliated Funds’ investment decisions. The Firm addresses these potential conflicts through internal policies and procedures designed to insulate its investment decision-making process and its research from these incentives. For example, principals with a prior investment in a company are recused from the investment decision-making process with respect to that company. Principals serving as advisors to Unaffiliated Funds may be called upon to make investment recommendations to these funds. These investments may be the same as those in which the Funds are making an investment and the Firm has policies and procedures in place to require that these are first offered to the Funds

and only subsequently offered to the unaffiliated fund once declined by the Funds. The Firm also addresses the potential conflicts of interest through the provisions of its Code of Ethics, as described below.

Item 11 – Code of Ethics

The Firm has adopted a written “Code of Ethics” which applies to every employee of the Firm. The Code of Ethics includes provisions relating to the avoidance of conflicts of interest with the Funds and the Firm and prohibitions on insider trading on material nonpublic information. The Code of Ethics requires employees to report any violations of the Code of Ethics promptly to the Firm’s Chief Compliance Officer. Employees are provided with a written copy of the Code of Ethics and any amendments, and certify a written acknowledgements of their receipt of the Code of Ethics and any such amendments. Clients or prospective clients of the Firm may request a copy of the Code of Ethics by contacting Martin Eng at (650) 234-4300 or Martine@Westerntech.com.

The Code of Ethics also contains personal securities trading procedures that apply to “Access Persons” (generally, persons with access to security trading information of a Fund). Access persons are required to disclose to the Chief Compliance Officer the existence of any interest they have in a company in which a Fund is considering making an investment. The Chief Compliance Officer then reports any such interest to the Board of Directors or Advisory Board of the Private Funds. The Code of Ethics further requires that Access Persons provide the Chief Compliance Officer with an initial report of their securities holdings, which is required to be updated on a quarterly basis through electronic brokerage feeds or manual statements. Pre-approval from the Chief Compliance Officer is required before an Access Person may buy or sell securities in an initial public offering, private placement, or any security listed on a “restricted list” maintained by the Firm. The Chief Compliance Officer provides periodic reports to the Boards of Directors and Advisory Board of the Funds in compliance with the securities trading procedures.

As noted above in Item 10, the Firm may recommend that a Fund invest in companies in which one or more of the Firm’s principals and employees has a prior investment or has a relationship through a directorship, advisory role, and/or an Unaffiliated Fund. The Code of Ethics, in addition to the policies and procedures described above, includes procedures designed to mitigate the potential conflicts that arise from such relationships. The CCO must pre-clear all investments by Access

Persons in potential portfolio companies and in Unaffiliated Funds, and the CCO also must pre-clear principals' outside positions, such as board memberships and advisory roles. Moreover, the Firm's Code of Ethics requires that all employees put the Funds' interests over their own personal interests.

The Firm may offer different advice to different Funds, reflecting the differing stages of each Fund's lifecycle.

Item 12 – Brokerage Practices

Brokers and dealers generally are selected in a manner consistent with the Firm's duty to seek to obtain best execution, including based on their ability to handle transactions involving restricted securities, commission rates or spreads, and breadth of market in particular securities. No soft dollar arrangements are made.

If the Funds decide to distribute shares directly to investors, the Firm will review the brokerage options and will choose based on a number of factors including pricing and the number of shareholders who have existing relationship with any brokerage.

Item 13 – Review of Accounts

The Firm takes a number of steps to manage its investments, which are generally illiquid. On a weekly basis, the entire staff of the Firm meets and reviews several documents. A staff person presents a "Low Cash List" describing portfolio companies with low liquidity. Most of these companies are discussed along with the prospects for the company obtaining additional equity financing from its existing equity investors or from new investors. A staff person provides a delinquency report that shows portfolio companies that have not made their current payment. This list is reconciled to the general ledger by the accounting department. One of the loan processors presents a listing of potential fundings for evaluation and discussion as well as a list of new commitments made during the quarter. The financial records are maintained by the Firm's accounting department. Monthly, the controller or other member of the accounting department reconciles all of the bank accounts for the Funds, and these are also reviewed on a periodic basis by the Firm's Chief Financial Officer ("CFO"). Financial statements are prepared by the Firm's accounting manager and reviewed by the controller on a quarterly basis. These statements are reviewed by the CFO, Chief Executive Officer and the Board of

Directors of the Funds. During the review by the CFO, variances that appear to be out of the ordinary are explained. The financial statements of Fund VI, Fund VII, and Fund VIII are reviewed by the independent auditor on a quarterly basis. On an annual basis, the auditors perform an audit of Fund VI, Fund VII, Fund VIII, VLL3, VLL4, VLL5, VLL6, VLL7, VLL8 and the Equity Fund.

The Firm's only clients are the Funds. The Firm provides statements of account to all of the Funds' investors on a quarterly basis. The Firm provides full financial and investment information about the Funds, including financial statements, loan and warrant portfolios and other information, to the Board of Directors (or in case of LLCs and Equity Fund, the Advisory Boards) of the Funds at their quarterly board meetings. Fund VI, Fund VII, Fund VIII, VLL3, VLL4, VLL5, VLL6, VLL7, VLL8 and the Equity Fund report financial statements, portfolio and other information quarterly to their shareholders or members, including annual audited financial statements.

Item 14 – Client Referrals and Other Compensation

The Firm does not pay or receive any economic benefit from a non-client in connection with giving advice to clients, and does not compensate any person for client referrals.

Item 15 – Custody

WTI is not a custodian and its practice is not to take physical custody of client assets. Notwithstanding the foregoing, the Firm recognizes that it may be deemed to have custody under certain circumstances. In circumstances where WTI may be deemed to have custody, it complies with the requirements of Rule 206(4)-2 under the Advisers Act, which requires, among other things, that a qualified custodian (for example, a bank or broker-dealer) maintain all client funds and securities. For example, WTI serves as managing member or general partner for the Funds and may be deemed to have custody of the Funds' (other than the BDC's) assets by virtue of this role. However, the Funds are not subject to the surprise custody audit rule as this provision does not apply to advisers of pooled investment vehicles that: 1) are subject to an annual financial statement audit by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board; 2) distribute audited financial statements prepared in accordance with generally accepted accounting principles (GAAP) to the pool's

investors; and/or 3) are deemed to have custody solely due to their ability to withdraw fees.

Item 16 – Investment Discretion

WTI receives discretionary authority from the Fund at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining investment amounts, the Firm observes the investment policies, limitations and restrictions of the Funds for which it advises

Item 17 – Voting Client Securities

The Firm has adopted Proxy Voting Policies with respect to the proxies it votes on securities owned by the Funds (the “Proxy Policies”), which set forth the Firm’s policies for voting equity securities acquired by the Funds through the exercise of warrants (“Warrant Equities”) and equity securities purchased directly from the issuer (“Direct Equities”). With regard to Warrant Equities, the Firm will (i) refrain from voting Warrant Equities unless the amount of such securities is equal to or greater than 2.0% of all securities of the issuer entitled to vote at that meeting, and (ii) if such threshold is exceeded, vote the Warrant Equities and report its vote, together with its rationale, to the Board of Directors or Advisory Board of the relevant Fund. With regard to Direct Equities, (i) that which are of a private company, the Proxy Policies contain guidelines for the Firm to consider when voting such equities, and (ii) for a public company, the Firm will follow the same guidelines as it follows for Warrant Equities. The foregoing summary of the Proxy Policies is qualified in its entirety by reference to the Proxy Policies, a copy of which will be provided to any client or investor upon written request without charge.

Item 18 – Financial Information

The Firm does not have any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.