



Kinetic Ventures, LLC
Two Wisconsin Circle, Suite 660, Chevy Chase, MD 20815
Phone: 301-652-8066 ♦ Fax: 301-652-8310
www.kineticventures.com

This *Form ADV, Part 2A: Firm Brochure* was last updated on March 23, 2017.

This firm brochure provides information about the qualifications and business practices of Kinetic Ventures, LLC. If you have any questions about the contents of this brochure, please contact us at 301-652-8066 or at sshepherd@kineticventures.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Kinetic Ventures, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Kinetic Ventures, LLC is 144453.

Kinetic Ventures, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2: Material Changes

Redesign

The Securities and Exchange Commission (“SEC”) published amendments to the rules for *Form ADV, Part 2A: Firm Brochure*. As required by the SEC, this disclosure document design is consistent with our previous past three years disclosure document. It conforms to the most recent requirements. Kinetic Ventures urges all clients to review this document, in its entirety. If you have any questions, please do not hesitate to contact Kinetic Ventures advisers at 301-652-8066.

Item 3: Table of Contents

Item 1: Cover Page	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees and Side-By-Side Management.....	5
Item 7: Types of Clients.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9: Disciplinary Information	7
Item 10: Other Financial Industry Activities and Affiliations	7
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Item 12: Brokerage Practices.....	8
Item 13: Review of Accounts.....	9
Item 14: Client Referrals and Other Compensation	9
Item 15: Custody.....	9
Item 16: Investment Discretion	10
Item 17: Voting Client Securities	11
Item 18: Financial Information	11

Item 4: Advisory Business

Kinetic Ventures, LLC provides management services to venture capital funds. Through the venture capital funds, we focus on early stage investments in private companies. We strive to generate returns for the Funds' partners and members principally through acquisition, management and disposition of equity, equity-oriented and debt securities and other interest in private and public entities. This also includes limited partnerships and limited liability companies.

Kinetic's advisory services are the same to all our Funds. Though the partners in the Funds do not impose restrictions on the types of securities we invest in, we do specify in our Funds' partnership documents how and where we will invest. We do not participate in wrap fee programs.

Our two active Kinetic Funds have assets under management totaling \$92 million dollars as of December 31, 2016. The assets under management represent the current fair market value of investments and uncalled committed capital by the partners and members of the Funds.

The principals, formerly of Areté Ventures, Inc., established Kinetic Ventures, LLC in 1997. We have business offices in Chevy Chase, Maryland and Atlanta, Georgia. There are three principal owners – Bernard D. Tarr, Jr., William T. Heflin, and Nelson C. Chu and the Chief Compliance Officer is Sydney M. Shepherd.

Item 5: Fees and Compensation

Fees are paid to Kinetic Ventures based on management agreements between the individual Funds and the general partner of the Funds. The agreements specify times, amounts and conditions for the payments. Generally, the annual fee represents 2.5% of the total subscriptions of all partners of the Funds and is paid after the capital is called from the partners or members of the Fund for the life of the Fund. The fees may be reduced to lower than 2.5% of total subscriptions as specified in

each partnership agreement following a defined investment period. Once the terms of the fee are established, the fee is non-negotiable and non-refundable. But the fee is recoverable before performance compensation is paid to the manager.

The Funds, as outlined in the partnership agreement, reimburse Kinetic Ventures for organizational expenses. Organizational expenses were capped at \$750,000 per Fund.

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

The general partner of the Funds, which includes Kinetic Ventures, participates in profits of the Fund alongside the limited partners and then has the ability for additional profit distributions. All partners, both general and limited are first distributed amounts in cash or stock up to their respective unreturned contributions to date since inception of the partnership. Then any further available distributions are allocated eighty percent to all partners equal to their ownership in the fund, then twenty percent to the general partner.

Item 7: Types of Clients

The clients of Kinetic Ventures are the two Funds which are limited partnerships. The Funds' partners or members are university endowments, public and private pension plans, family offices, individuals, corporations and an insurance company.

When a new Fund is established a minimum capital commitment is established, which may be waived by the General Partner of the Fund.

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

Kinetic's investment process consists of several stages, beginning with identifying investment opportunities then moving to engage in due diligence on selected entities, investing in the entity, monitoring and managing the investments and ultimately realizing a return on the investment via a liquidation event.

Our strategy is to target rapidly growing market niches including communications, information technology and power/clean technologies in which our management team has deep insight, understanding and relationships. We spend substantial time determining what market opportunities present attractive investment opportunities in the targeted spaces and then proactively pursue investments in those areas. Our deal flow comes from three primary sources – proprietary research, our entrepreneurial network, and our venture networks. Potential investments are processed through an initial screening and then a detailed diligence which may consist of multiple meetings with the management team, thorough reference checking, and market and financial analysis.

We are typically board members or observers in the companies in which we invest. This enables us to have an active role in the company development and ultimate realization of value of our portfolio company investments. In our due diligence we carefully consider the industry segments we invest in, the likelihood of how companies are typically valued in these segments, an initial public offering or a merger and acquisition transaction as key ingredients in determining the appeal and value of potential investments.

Investment in a Kinetic Fund carries a high degree of risk. Each prospective investor should understand that it may sustain a loss of its entire investment. Those interested in investing in a Kinetic Fund are provided the Fund partnership agreement and the summary of principal terms detailing the risk of investing as well as additional information that may be requested.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our services or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Neither Kinetic Ventures nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Kinetic Ventures nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Kinetic Ventures organized and sponsored the Funds, which are ventures capital funds. These pooled investment vehicles are controlled by Kinetic Ventures, through the related general partnership entities as disclosed on Schedule D of Form ADV Part 1A. Kinetic Ventures, through these general partnership entities, is responsible for all decisions regarding portfolio transactions of the Funds, and has discretion over the management of the Funds' investment activities.

Kinetic Ventures and its management persons have a close working relationship with Campbell B. Lanier through a consulting contract. Mr. Lanier is a member of ITC Holding Company, his family office. Mr. Lanier is actively involved in several aspects of Kinetics investment process. In addition, he has other business interests that involve making early stage investments, including alongside the Kinetic Funds. And, Kinetic has and may continue to invest in companies affiliated with ITC. Mr. Lanier is obligated to provide Kinetic first investment access to all his early stage technology investment opportunities. In the event material conflicts arise, Kinetic has

a process for vetting these conflicts with the Funds' Advisory Boards.

Neither Kinetic Ventures nor any of its management persons select other investment advisors for our clients.

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

Three basic principals – excellence, individual initiative, and a positive work environment – govern the way Kinetic is managed. Kinetic's environment commands respect, integrity, competence and ethical behavior as well as has policies and procedures in place designed to maintain client confidentiality.

A copy of Kinetic's code of ethics is available to any client of prospective client upon request.

Neither Kinetic Ventures nor any of its management persons recommends to clients, or buys or sells for clients, securities in which a related client has a material financial interest.

Currently, neither Kinetic Ventures nor any of its management persons invest individually in the same securities that we recommend to the Funds. As partners in the general partnership of the Fund, Kinetic Ventures and its management persons have an indirect ownership in the securities. However, if Kinetic Ventures or any of its management persons have a pre-existing ownership interest in an entity of interest to the Funds, approval to invest by the Funds must be obtained by the established advisory committee of the Fund.

Item 12: Brokerage Practices

Neither Kinetic Ventures nor any of its management persons are involved in recommendation of broker-dealers as this is not relevant to our advisory business as stated in Item 4.

Neither Kinetic Ventures nor any of its management persons engage in or receive soft dollar benefits.

Item 13: Review of Accounts

Kinetic managing directors monitor the portfolio company investments of the Funds through our positions as board members or board observers or by other contractual rights and we are active both individually and collectively when necessary from the time of the portfolio investment until capital is returned to Kinetic investors.

On a quarterly basis financial statements and portfolio company updates are provided to all Kinetic Fund investors. On an annual basis within 90 days of the close of the Funds fiscal year, audited financial statements are provided to the investors. The annual report includes the audit and a narrative report as to the investments and the status and operations of the Fund.

Annual tax information details each Fund partners share of all items of income or gain, expense, loss or other deduction and capital account status and such additional information as a partner reasonably requests so that the partner can complete its tax returns and comply with any other reporting requirements. The form provided is the partnership K-1 and partners receive it as soon as feasibly possible after the close of the fiscal year.

Item 14: Client Referrals and Other Compensation

Although permitted to do so, Kinetic Ventures does not currently retain any placement agents.

Item 15: Custody

Kinetic Ventures is an investment advisor to a pooled investment vehicle (the Funds) which retains interests in

primarily privately held portfolio companies. On occasion the Fund holds public securities following a portfolio company IPO before distribution to the Funds partners. In these cases, the securities are held separately at an American multinational financial services corporation. Stock certificates and/or promissory notes of the portfolio companies are generally provided to the Funds upon an investment. These securities are restricted and non tradeable for which the Funds have custody and are represented as book entry on the books and records of the issuer and are transferable only with the consent of the issuer or other holders. The Funds are subject to an annual audit conducted by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audits and supplementary statements are prepared in accordance with generally accepted accounting principles and are provided to the partners of the Funds within 90 days of close of the fiscal year.

Item 16: Investment Discretion

The nature of Kinetic Ventures business grants the managing directors the authority to invest and manage the committed capital of the partners of each of the Funds. Each Fund's partnership agreement specifies any investment restrictions. Those interested in investing in a Kinetic Fund are provided the Fund partnership agreement and the summary of principal terms which addresses investments and activities.

Recent investment restriction examples include:

- The partnership will not make an initial investment in any company primarily engaged in oil and gas exploration or exploitation of oil and gas reserve properties.
- The partnership shall not make an initial investment in any company whose principal business is the development and subsequent sale and/or exploitation through long-term leasing of real estate.

- The partnership shall not invest in any other venture capital or private equity funds or similar pooled investment vehicles with respect to which any person is entitled to a management fee or a share of profits disproportionate to its share of the contributed capital of the vehicle.
- The partnership total investment in open market purchases of securities that are traded on a public securities market shall not exceed 10% of the aggregate subscriptions of all partners.

Kinetic Ventures as advisor understands that some partners in the Funds may be exempt from taxation. Kinetic management does not intend to engage in any activities which would result in the allocation to the limited partners of the Funds significant amounts of unrelated business taxable income.

Item 17: Voting Client Securities

The Kinetic Ventures managing directors, through our board seat or board observer position of the Funds' portfolio securities, determine the terms and conditions of all investments and control the voting of all portfolio securities and decisions regarding sale, disposition, transfer and distribution of Fund investments.

Item 18: Financial Information

There is no financial condition that is reasonably likely to impair Kinetic Ventures or its management personnel from meeting our contractual commitments to the Funds.

Neither Kinetic Ventures nor any of its management persons have been the subject of a bankruptcy petition at any time during the past ten years.