

**Item 1. Cover Page**

**Brochure of**  
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This brochure provides information about the qualifications and business practices of Industry Ventures, L.L.C. (“Industry Ventures”). If you have any questions about the contents of this brochure, please contact us at (415) 273-4201 or info@industryventures.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 Industry Ventures also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

Not applicable.

**Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

Industry Ventures is a Delaware limited liability company that has been in business since 2000. It serves as the investment adviser to investment limited partnerships and other collective investment funds (“Funds”). Industry Ventures’ managing member and principal owner is Johans D. Swildens. As of February 1, 2012, Industry Ventures had total discretionary assets under management of approximately \$1 billion. Industry Ventures only manages assets on a discretionary basis.

Industry Ventures’ Funds invest primarily in equity and equity-related securities issued by venture capital stage operating companies and in interests in venture capital funds. In addition, Industry Ventures may invest a portion of each Fund’s assets in other investment transactions that it deems appropriate, pursuant to the Fund’s partnership or other account agreement. Industry Ventures also invests Fund assets in cash and cash equivalent securities on a short-term basis and engages in other activities customary to secondary and direct venture capital funds of funds.

The limited partners of or other investors in the Funds (“Limited Partners”) have no opportunity to select or evaluate any Fund investments or strategies. Industry Ventures selects all Fund investments and strategies.

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

Industry Ventures’ compensation is negotiable and varies, but typically, it charges each Fund an annual management fee. In addition, an affiliate of Industry Ventures that serves as the general partner of a Fund receives a percentage of net profits distributed to the Limited Partners in that Fund.

##### Management Fees.

The annual management fee payable to Industry Ventures by a Fund typically is 1% to 1.5% of the capital commitments by that Fund’s Limited Partners during that Fund’s investment period (which is typically 3 to 5 years) and, thereafter, 1% to 1.5% of the Limited Partners’ capital actually invested in that Fund thereafter. Such amount is payable in quarterly installments at the beginning of each calendar quarter based on the amount of the Limited Partners’ committed or invested capital, as the case may be, on the date the fee accrues and becomes payable.

##### Carried Interest.

An affiliate of Industry Ventures that serves as the general partner of a Fund also typically is allocated between 5% and 18% of the Fund’s net profits, after returning a priority return of to the Fund’s Limited Partners. The Limited Partners’ priority return typically is between 6% and 8%, compounded annually, of the Limited Partners’ unreturned capital contributions to the Fund. To accomplish this, a Fund typically makes distributions as follows:

- First, 100% to the Fund’s partners in proportion to their respective capital commitments, until each partner has been allocated net profits equal to between 6% and 8%, compounded annually, of that partner’s unreturned capital contributions to the Fund;

- Second, 100% to the Fund's general partner until between 5% to 18% of cumulative distributions over the term of the Fund have been made to the general partner as a carried interest; and
- Thereafter, 5% to 18% to the general partner as a carried interest, and the remainder to all partners in proportion to their capital commitments.

In connection with a Fund's dissolution and liquidation, if the carried interest distributions to the general partner (excluding certain tax distributions) exceed the cumulative carried interest distributions that should have been made to the general partner, the general partner will return the excess to the Fund.

Industry Ventures complies with Rule 205-3 under the Investment Advisers Act of 1940. The carried interest may create an incentive for Industry Ventures to cause the Funds to make more risky and speculative investments than it would otherwise cause the Funds to make.

Industry Ventures deducts management fees and receives distributions of the carried interest directly from the Funds.

Industry Ventures' Funds typically invest in venture capital funds managed by third parties. The managers of such venture capital funds typically receive significant management fees and carried interests from their investors, including Industry Ventures' Funds. As a result, the Limited Partners will be subject to these fees and carried interests, in addition to the management fees and carried interests to Industry Ventures and its affiliates. The management fees and carried interests to Industry Ventures and its affiliates will not be reduced by any fees or carried interests paid to managers of portfolio funds.

Industry Ventures believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in a Fund of which Industry Ventures is the investment adviser, to use the "alternative reporting option" to report Industry Ventures' and its affiliates' compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

Relationships between Industry Ventures and each Fund are terminable on expiration of the Fund's term or dissolution. In addition, a Fund may terminate the account agreement with Industry Ventures on 30 days' prior written notice. Limited Partners generally may not withdraw from a Fund until the Fund liquidates its underlying investments, but in some cases, a Limited Partner may be permitted to withdraw from a Fund of that Fund in certain limited circumstances.

In all cases, expenses, management fees and the carried interest through the date of termination of a Fund are charged to the Fund. A Limited Partner who is permitted to withdraw from a Fund on a date other than the last day of a quarter, however, does not receive a refund of any management fee previously paid.

Each Fund is responsible for its own costs and expenses, including investing costs and expenses (such as brokerage commissions), ongoing legal, accounting and bookkeeping fees and expenses, and the fees and expenses charged by any administrator for its accounting, bookkeeping and other services. Industry Ventures bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. All or a portion of these costs and expenses may be paid, however, by securities brokerage firms that execute the Funds' securities trades, as discussed in Item 12 below.

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

Industry Ventures generally manages Funds that pay performance-based compensation as described in Item 5. However, from time to time, Industry Ventures may cause a Fund to acquire securities in a transaction where the seller requires Industry Ventures to acquire more of that security than Industry Ventures determines is appropriate for that Fund. In those circumstances, Industry Ventures may form a special purpose Fund that will acquire the remaining securities, and Industry Ventures typically does not charge that special purpose Fund any performance-based compensation. As a result of this approach, Industry Ventures has a conflict of interest in determining the amount of the investment to allocate to each Fund, because Industry Ventures would have an incentive to favor the Fund that would pay performance-based compensation. To address this conflict, Industry Ventures has policies and procedures to regularly review, investment allocations among the Funds. Except as described above, Industry Ventures does not manage any Funds or other accounts that do not pay performance-based compensation.

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

Industry Ventures provides investment advice to the Funds, which are typically structured as limited partnerships. Limited Partners are required to commit a minimum of \$1,000,000 for individuals and \$5,000,000 for institutions, but the general partner of each Fund may waive this minimum. Industry Ventures generally does not accept individually managed accounts.

From time to time, the Funds purchase all or a portion of a fund managed by another adviser. In those cases, that adviser would continue to manage the purchased fund and at times Industry Ventures has the right to veto investments proposed by that adviser. Industry Ventures does not provide investment advice to those funds and does not supervise those advisers.

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

##### Investment Strategy

As described in Item 4, Industry Ventures serves as the investment adviser to Funds that employ to general strategies.

Partnership Holdings Funds. Partnership Holdings Funds invest primarily in equity securities issued by small venture capital funds, typically less than \$250 million in size. Partnership Holdings Funds typically target approximately 50% of their capital for primary commitments to venture capital funds. The remaining assets typically are used to acquire early secondary interests (that is, interests that are less than 50% funded) in venture capital funds. Industry Ventures anticipates that a Partnership Holdings Fund's underlying portfolio will be comprised of early stage venture capital commitments and growth equity investments. However, in light of

market conditions, it will invest the Fund's capital opportunistically and the final construction of the Fund's portfolio may deviate from the foregoing strategy.

Industry Ventures Funds. Industry Venture Funds primarily acquire, in secondary transactions, equity and equity-related securities issued by venture-backed companies and interests in venture capital funds. They also may acquire equity securities directly from portfolio companies in follow-on offerings and interests in successor investment funds of portfolio investment funds in connection with "stapled secondary" transactions. In general, up to 25% of the aggregate committed capital of an Industry Venture Fund may be invested in other direct and secondary investment opportunities.

General. In addition to the investments described above, Industry Ventures will invest the Funds' idle cash in securities on a short-term basis and engage in other activities customary to secondary and direct investment funds.

Risk Factors. Investing in securities involves risk of loss that Limited Partners should be prepared to bear. Below are some of the risks that Limited Partners should consider before investing in any Fund that Industry Ventures manages. Any or all of such risks could materially and adversely affect investment performance, the value of any Fund or any security held by a Fund, and could cause Limited Partners to lose substantial amounts of money. Below is only a brief summary of some of the risks that an investor may encounter. Potential Limited Partners in a Fund should review such fund's private placement memorandum carefully and in its entirety, and consult with their professional advisers before deciding whether to invest.

- Funds may not achieve their investment objectives. A Fund's strategy may not be successful and Limited Partners may lose some or all of their investment.
- Industry Ventures and its affiliates may spend time on activities that compete with a Fund without accountability to Limited Partners, including investing for other Funds and for their own accounts. If Industry Ventures receives better compensation and other benefits from managing other assets or Funds compared to managing a particular Fund, it has an incentive to allocate more time to those other activities.
- Industry Ventures may provide certain Limited Partners more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other Limited Partners.
- The Funds may acquire for a Fund a large position in an issuer's securities or a portfolio fund but the Funds nevertheless are unlikely to have any control over the issuer's management.
- A Fund's positions in an issuer's securities may be subordinated to other securities of the issuer with respect to economic, management and other rights.
- Portfolio companies may require substantial additional capital to support growth or maintain a competitive position. Such capital may not be available on attractive terms. Each Fund will have limited capital and may not be able to protect its interests from dilution if a portfolio company raises additional capital.

- A Fund's investment returns are dependent on portfolio companies engaging in a liquidity event (such as an initial public offering, merger or sale). There can be no assurance that a portfolio company will be able to consummate such a liquidity event at a proper time or favorable valuation.
- The Funds are expected to take positions in securities issued by small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- The Funds expect to invest substantial assets in venture capital funds. Each venture capital fund is subject to the risks described above with respect to the portfolio companies in which it invests. The value of a Fund's investment in a venture capital fund may be materially adversely affected if any of the foregoing occurs with respect to a portfolio company in which the venture capital fund invests.
- The success of the Funds' investments in venture capital funds is dependent on the management of those venture capital funds. Any change in such management could have a materially adverse effect on the Funds' investments.
- The Funds will be charged significant fees, carried interests and other compensation and expenses by the managers of the venture capital funds in which they invest. Limited Partners will bear their pro rata shares of such fees and expenses, and such fees and expenses will not reduce the fees, carried interests and expenses payable by Limited Partners to Industry Ventures described in Item 5 above.
- The secondary market for venture capital companies and interests in venture capital funds is highly competitive. Industry Ventures may not be able to make investments on attractive terms or to invest all of a Fund's capital.
- Industry Ventures will establish reserves for follow-on investments in portfolio companies, operating expenses, liabilities and other matters. Such reserves are difficult to estimate. Industry Ventures may not establish adequate reserves, which would have a material adverse effect on the Fund's investment returns.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect a Fund's investments.
- Industry Ventures may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. Industry Ventures also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a Fund when the Fund could make a profit or avoid losses.
- Most Fund investments will be illiquid, and Industry Ventures may not be able to sell such positions.
- The Funds are expected to invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or

impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.

- A Fund's investments may not be diversified.
- Counterparties such as brokers, dealers, banks, custodians and administrators with which Industry Ventures does business on behalf of a Fund may default on their obligations. For example, a Fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- Industry Ventures may cause Funds to invest in securities of non-U.S. private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- Industry Ventures determines the value of securities held by the Funds, whether or not a public market exists for such securities. If Industry Ventures' valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new Limited Partner in a Fund might receive an interest that is worth less than the Limited Partner paid and a Limited Partner that is withdrawing assets might receive more than the amount to which the Limited Partner is entitled, to the detriment of other Limited Partners.
- Industry Ventures and its affiliates and agents generally are not responsible to any Fund or Limited Partner for losses incurred by a Fund except in certain limited circumstances.
- There is not and will not be an active market for the interests in the Funds. It may be impossible to transfer any such interests, even in an emergency.
- Limited Partners generally are not permitted to withdraw capital from Funds.
- The Funds will only make distributions in limited circumstances, and there can be no assurance that any distributions will be made before a Fund's liquidation, or at all.
- Limited Partners will be required to make additional capital contributions to a Fund at the discretion of the Fund's general partner. Accordingly, Limited Partners will be required to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash.
- A Limited Partner who fails to make a capital contribution to a Fund when required to do so will be subject to significant penalties, including forfeiture of part of that Limited Partner's prior investment in the Fund and other legal remedies.



- From time to time, a Fund may distribute assets in kind to its Limited Partners. Such assets may be difficult or impossible for a Limited Partner to sell.
- A Fund may dissolve at any time, even if such action adversely affects one or more Limited Partners.
- If the assets that Industry Ventures and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Industry Ventures to find attractive investments as the amount of assets that it must invest increases.
- The attorneys who represent Industry Ventures do not represent the Limited Partners. Limited Partners must hire their own counsel for legal advice and representation.
- Industry Ventures, an administrator or any government agency may freeze assets that any of them believes a Fund holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of Industry Ventures, the Funds or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulation.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Industry Ventures must devote to regulatory compliance, to the detriment of investment activities.
- Industry Ventures is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator. The equity interests in the Funds are not registered under the Securities Act of 1933, and the Funds are not registered investment companies under the Investment Company Act of 1940. Industry Ventures believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, Industry Ventures and any Fund could be subject to expensive legal action and potential termination. In addition, Limited Partners do not have certain regulatory protection that they would have if these registrations were in place.
- Industry Ventures' activities could cause adverse tax consequences to the Funds and the Limited Partners, including liability for interest and penalties.
- Industry Ventures' activities may cause a Fund or a Limited Partner that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- If a Fund becomes insolvent, Limited Partners may be required to return with interest any distributions and forfeit any undistributed profits.

The above is only a brief summary of some of the important risks that a Limited Partner may encounter. Before deciding to invest in a Fund that Industry Ventures manages, prospective

Limited Partners should consider carefully all of the risk factors and other information in the Fund's private placement memorandum.

**Item 9. Disciplinary Information**

Not applicable.

**Item 10. Other Financial Industry Activities and Affiliation**

Not Applicable.

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

Industry Ventures has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, which establishes standards of conduct for Industry Ventures' supervised persons. The Code of Ethics includes general requirements that Industry Ventures' supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to Industry Ventures' Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of Industry Ventures receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Limited Partners and prospective Limited Partners may obtain a copy of Industry Ventures' Code of Ethics by contacting the Compliance Officer at (415) 273-4201 or [info@industryventures.com](mailto:info@industryventures.com).

Under Industry Ventures' Code of Ethics, Industry Ventures and its officers, managers, members and employees may personally invest in securities of the same classes as Industry Ventures purchases for the Funds and may own securities of issuers whose securities that Industry Ventures subsequently purchases for the Funds. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a Fund to profit personally by the market effect of such transactions and recommendations. To address this conflict, except as described in Item 12 regarding aggregating securities transactions, if Industry Ventures purchases or sells a security for Funds and any of Industry Ventures and its officers, managers, members and employees on the same day, either the Funds and Industry Ventures and its directors, officers, managers, members and employees pay or receive the same price, or the Funds receive the more favorable price. Industry Ventures and its directors, officers, managers, members and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which Industry Ventures does not believe appropriate to buy or sell for the Funds.

Because Industry Ventures manages more than one Fund, there may be conflicts of interest over its time devoted to managing any one Fund and allocating investment opportunities among all Funds that it manages. For example, Industry Ventures selects investments for each Fund based

solely on investment considerations for that Fund. Different Funds have differing investment strategies. Industry Ventures attempts to resolve all such conflicts in a manner that is generally fair to all of the Funds. Industry Ventures may take action on behalf of any of the Funds that differs from the timing or nature of action that it takes on behalf of any other Fund so long as it is Industry Ventures' policy, to the extent practicable, to allocate investment opportunities to the Funds fairly and equitably over time. Industry Ventures typically manages one or more Funds that pursue the same investment objectives and co-invest in securities with each other. Those Funds invest in appropriate securities until the end of their investment periods. After the investment periods end, those Funds stop making new investments and Industry Ventures typically forms one or more new Funds to pursue that investment strategy. If Industry Ventures forms more than one Fund to co-invest together, Industry Ventures allocates appropriate investment opportunities among those Funds in proportion to their committed capital, subject to exceptions that are permitted by their partnership agreements, such as for regulatory or tax reasons. Industry Ventures is not obligated to acquire for any Fund any security that Industry Ventures or its officers, managers, members or employees may acquire for its or their own accounts or for any other Fund, if in Industry Ventures' absolute discretion, it is not practical or desirable to acquire a position in such security for that Fund.

#### **Item 12. Brokerage Practices**

Industry Ventures has complete discretion in selecting the broker that it uses for Fund transactions and the commission rates that the Funds pay such brokers. In selecting a broker for any transaction or series of transactions, Industry Ventures may consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- ability to arrange for sales and transfers of restricted and illiquid securities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities; and
- order of call.

Industry Ventures may also purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- research services, including third-party research fees;
- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- technical data;
- research conferences;
- general reports;
- consultations; and
- on-line pricing.

Industry Ventures may receive soft dollar credits based on principal, as well as agency, securities transactions with brokerage firms or direct a brokerage firm that executes transactions to share some of its commissions with a brokerage firm that provides soft dollar benefits to Industry Ventures.

Industry Ventures may pay to a broker commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker provides. Industry Ventures determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Industry Ventures' overall fiduciary duty to its clients. A Fund may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from Industry Ventures' brokerage relationships benefit Industry Ventures' operations as a whole and all Funds that it manages, including those that do not generate the soft dollars that pay for such research and other benefits. Industry Ventures does not allocate soft dollar benefits to the Funds proportionately to the soft dollar credits that the Funds generate.

Industry Ventures' relationships with brokers that provide soft dollar services influence Industry Ventures' judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. Industry Ventures has an incentive to select or recommend a broker based on Industry Ventures' interest in receiving soft dollar services rather than the Funds' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Industry Ventures uses soft dollars to pay expenses it would otherwise be required to pay itself.

Industry Ventures has addressed these conflicts of interest by annually evaluating the trade execution services that Industry Ventures receives from the brokers that it uses to execute trades for the Funds. Such evaluation includes comparing those services to the services available from other brokers. Industry Ventures considers, among other things, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers and the appropriate level of commission rates.

Industry Ventures may aggregate securities sale and purchase orders for a Fund with similar orders being made contemporaneously for other Funds that Industry Ventures manages or with accounts of its affiliates. In such event, Industry Ventures may charge or credit a Fund, as the case may be, the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the Fund than it would be if Industry Ventures were not executing similar transactions concurrently for other Funds. Industry Ventures may also cause a Fund to buy or sell securities directly from or to another Fund, if such a cross-transaction is in the interests of both Funds.

Industry Ventures may direct a certain amount of brokerage to a broker in return for the broker's referral of prospective Limited Partners. Directing brokerage to a broker in exchange for Limited Partner referrals creates a conflict of interest in that Industry Ventures has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct its brokerage transactions. During its last fiscal year, Industry Ventures did not direct Fund transactions to a particular broker in return for Limited Partner referrals.

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

Industry Ventures' partners review all Fund portfolios at least monthly. Those reviews take into account the portfolios of portfolio funds, the management of managers of portfolio funds and portfolio companies, new investors in or financings of portfolio companies, cash management, the prospects of individual securities and portfolio funds, industry outlook, new products and services of existing portfolio companies and market outlook. Each Limited Partner generally receives a quarterly letter stating performance for the quarter and an annual letter discussing annual performance and investment outlook.

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

Industry Ventures may engage solicitors to whom it pays cash or a portion of the advisory fees paid by Limited Partners referred to it by those solicitors. In such cases, this practice is disclosed in writing to the Limited Partner and Industry Ventures complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

### **Item 15. Custody**

Each Fund's custodians may send account statements at least quarterly to Limited Partners. Each Limited Partner should carefully review those statements.

### **Item 16. Investment Discretion**

Industry Ventures has discretionary authority to manage securities accounts on behalf of the Funds pursuant to a grant of authority in the management agreement between each Fund and Industry Ventures and each Fund's limited partnership agreement.

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

Industry Ventures votes all limited partner ballots and proxies on behalf of each Fund based on Industry Ventures' determination of such Fund's best interests. In determining whether a proposal serves a Fund's best interests, Industry Ventures considers a number of factors, including:

- the proposal's economic effect on limited partner or investor value;
- the threat that the proposal poses to existing rights of limited partners or investors;
- the dilution of existing interests or shares that would result from the proposal;
- the effect of the proposal on general partner, management or director accountability to investors; and
- if the proposal is a shareholder or limited partner initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

Industry Ventures abstains from voting proxies when Industry Ventures believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between Industry Ventures and a Fund, Industry Ventures will vote all proxies in accordance with the policy described above. If

Industry Ventures determines that this policy does not adequately address the conflict of interest, Industry Ventures will notify the Fund's limited partner advisory committee of the conflict and request that the limited partner advisory committee consent to Industry Ventures' intended response to the proxy or limited partner ballot solicitation. If the limited partner advisory committee consents to Industry Ventures' intended response or fails to respond to the notice within a reasonable time specified in the notice, Industry Ventures will vote the proxy as described in the notice. If the client objects in writing to Industry Ventures' intended response, Industry Ventures will vote the proxy as directed by the limited partner advisory committee.

A Limited Partner can obtain a copy of Industry Ventures' proxy voting policy and a record of votes cast by Industry Ventures on behalf of that limited partner by contacting Industry Ventures.

**Item 18. Financial Information**

Not Applicable.

**Item 19. Requirements for State-Registered Advisers**

Not applicable.

**Privacy Policy**

Industry Ventures and the Funds collect and disclose certain personal information about Limited Partners. Personal information about the Limited Partners, such as their names, addresses, social security numbers, assets and incomes, will be obtained from Subscription Agreements and other documents. Other personal information about the Limited Partners, such as capital account balances, account data and information about their participation in other investments, will be obtained in the course of transactions between the Limited Partners and a Fund or its affiliates.

Except as described below, this personal information will be disclosed only as permitted by applicable law to a Fund's affiliates and service providers, including that Fund's accountants, attorneys, brokers, custodians, transfer agents, and any other parties whose services are used to facilitate the formation, operation or dissolution of that Fund. Any party receiving personal information about Limited Partners pursuant to the preceding sentence will be authorized to use such information only to perform the services required by the applicable Fund and as permitted by applicable law. No party receiving a Limited Partner's personal information will be authorized to use or share that information for any other purpose. Notwithstanding anything to the contrary, Industry Ventures and a Fund and its affiliates may use any information collected from Limited Partners for management of that Fund and other everyday business purposes, including to process transactions, maintain accounts, communicate with Limited Partners about the Fund and other investments that may be of interest to them and comply with legal obligations.

The access of Industry Ventures personnel to personal information about the Limited Partners will be restricted to individuals who require such access to provide services to the applicable Fund and the Limited Partners. Industry Ventures and the Funds maintain physical, electronic and procedural safeguards that are reasonably designed to protect personal information about its Limited Partners.