

Item 1. Cover Page

**Part 2A of Form ADV
Firm Brochure For:**



Industry Ventures, L.L.C.

November 15, 2018

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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 (“SEC”) or by any state securities authority.

Industry Ventures is registered as an investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Industry Ventures is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Industry Ventures has made the following material changes to this Brochure since its last annual amendment, dated June 20, 2018:

- Various sections of the Part 2A have been updated to reflect Industry Ventures new venture buyout strategy.

Please note that this summary of material changes discusses only those material changes that have occurred since the last update of the Brochure. Industry Ventures may have revised the language in certain sections but has not materially altered any of its other responses in this Brochure.

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Item 4. Advisory Business

Overview of Industry Ventures

Industry Ventures, L.L.C. (“**Industry Ventures**” or the “**Firm**”) is a Delaware Limited Liability Company organized on August 3, 1999 as an investment firm focused on the venture capital market. Johan D. Swildens is the Chief Executive Officer and principal owner of the Firm.

Industry Ventures serves as the investment adviser to a number of pooled investment vehicles (“**Funds**”), and certain special purpose funds which are typically organized as limited partnerships in the U.S. Each Fund is governed by a limited partnership agreement (each, a “**Fund Agreement**”) that specifies the specific investment guidelines and investment restrictions applicable to the Fund. In addition, investors in each Fund are provided with offering documents prior to their investment, which also contain information regarding the intended investment program for such Fund. Industry Ventures together with the Affiliated General Partners (as defined below) provide investment management and administrative services to the Funds in accordance with the applicable Fund Agreements and offering materials. Each Affiliated General Partner retains management authority over the business and affairs, including investment decisions, of the Funds for which it serves as general partner.

Affiliates of Industry Ventures serve as the general partners of the Funds (the “**Affiliated General Partners**”). Each of the Affiliated General Partners is a related person of Industry Ventures and is under common control with Industry Ventures. Please refer to Item 10 for additional information about the Affiliated General Partners.

Advisory Services

Industry Ventures has broad and flexible investment authority with respect to the Funds.

Industry Ventures currently makes investments primarily through four distinct investment programs: (1) a secondary investment family of funds (the “**Secondary Funds**”); (2) a hybrid fund-of-funds family of funds (“**Hybrid FOF**” also referred to as “**Partnership Holdings Fund**”); (3) a co-investment fund (the “**Direct Fund**”); and (4) a venture buyout fund (the “**Tech Buyout Fund**”). The adviser currently advises eleven (11) Secondary Funds, ten (10) Hybrid FOFs and (1) one Tech Buyout Fund, and their respective co-investment vehicles or special purpose vehicles. The only advisory clients of Industry Ventures are the Funds. 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.

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 has complete discretion to manage the investment program of each Fund, subject to the investment guidelines and restrictions set forth in the investment management agreement between Industry Ventures and each of the Funds. Investment advice is provided directly to the Funds and not individually to the

Limited Partners of the Funds. Industry Ventures does not tailor its advisory services to the individual needs of Limited Partners in the Funds.

The Investors in each Fund are able to negotiate the terms of the applicable Fund Agreement in connection with their investments in such Fund. In certain cases, the Affiliated General Partners may, and have, entered into side letter agreements with certain investors in the Funds (“**Side Letters**”) establishing rights under, or supplementing or altering the terms of, the applicable Fund Agreement. Such Side Letters cover many different topics, including without limitation: “most favored nation” rights; modified notice or reporting requirements; compliance with certain ERISA requirements; minimum insurance coverage; confidentiality; co-investment opportunities; transfers; the right to receive certain special allocations; and certain other matters relating to an investment in the Fund(s). Industry Ventures tracks all Side Letters that have been entered into with respect to each Fund to ensure that no investors are disadvantaged by the triggering of one or more provisions of a Side Letter. Once invested in a Fund, Investors generally cannot impose additional investment guidelines or restrictions on such Fund.

In April 2014, Industry Ventures entered into an Investment Management Agreement with Square 1 Venture Management 1, L.P. (“**Square 1 GP**”), the general partner of Square 1 Venture 1, L.P. (“**Square 1 Fund**”) pursuant to which the Square 1 GP retained Industry Ventures as investment manager to manage and control the investment of the assets of the Square 1 Fund. Industry Ventures is not affiliated with the Square 1 GP and has been engaged to perform certain administrative, investment management, and investment advisory services for the Square 1 Fund under the direction of the Square 1 GP and in accordance with the terms and conditions of the Investment Management Agreement and the Investment Guidelines established by the Square 1 Fund. Such investment advisory services include, without limitation: (i) monitoring of the investments made by the Square 1 Fund and research and investigation in connection with the acquisition and disposition of investments by the Square 1 Fund; (ii) calculating the internal rates of return on investments made by the Square 1 Fund; (iii) providing quarterly valuations on investments held by the Square 1 Fund; and (iv) providing material for inclusion in any annual or other reports of the Square 1 Fund as requested by the Square 1 GP.

Assets Under Management

As of December 31, 2017, Industry Ventures manages regulatory assets under management (as defined by the SEC) of approximately \$2,994,473,643, on a discretionary basis.

Item 5. Fees and Compensation

Industry Ventures’ compensation is negotiable and varies, but typically, it charges each Fund an annual management fee. In addition, the Affiliated General partner of each 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 2% of the capital commitments by that Fund’s Limited Partners during that Fund’s investment period (which is typically 3 to 7 years) and, thereafter, 1% to 2% of the Limited Partners’ capital actually invested

in that Fund. 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.

Industry Ventures is entitled to receive a management fee from the Square 1 Fund in accordance with the Investment Management Agreement entered into with the Square 1 GP in the amount and at the times set forth in the limited partnership agreement of the Square 1 Fund.

Carried Interest

The Affiliated General Partner typically is allocated between 5% and 20% of the Fund's net profits. In some funds, Limited Partners have the option to select either a priority return or a non-priority return with a lower associated carried interest, subject to a detailed "waterfall" as outlined in the Fund Agreements.

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

Industry Ventures complies with Rule 205-3 under the Advisers Act. 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 (or the Affiliated General Partner of each Fund) deducts management fees and receives distributions of the carried interest directly from the Funds. Because Industry Ventures is not affiliated with the Square 1 GP, neither Industry Ventures nor any of its affiliates receive a carried interest from the Square 1 Fund.

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 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, as applicable to each Fund. Such expenses generally, include, without limitation, (i) organization and syndication costs, other than placement agent fees; (ii) legal, accounting, audit, custodial, D&O insurance, consulting and other professional fees; (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions; (iv) fees, expenses, transfer, capital and other taxes, duties and costs incurred in acquiring, holding selling, or otherwise disposing of Fund assets; (v) costs of financial statements and other reports; (vi) indemnification obligations; (vii) cost of liability and other premiums for insurance; (viii) costs of Advisory Committee and Fund meetings; and (ix) fees associated with reporting, registration or compliance requirements of Industry Ventures or its affiliates. Industry Ventures bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above.

It is critical that Investors refer to the relevant confidential offering documents for a complete understanding of expenses. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

As described in Item 5 above, the Affiliated General Partners are entitled to receive performance-based compensation (in the form of carried interest) from the Funds. The fact that the Affiliated General Partners receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Industry Ventures or the Affiliated General Partners to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Investors are provided with clear disclosure in the relevant offering documents as to how performance-based compensation is charged with respect to a particular Fund and the risks associated with such performance-based compensation prior to making an investment.

Industry Ventures generally manages Funds that pay performance-based compensation in the form of a carried interest allocation 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. Similarly, as noted above, Industry Ventures does not receive any performance-based compensation from the Square 1 Fund.

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 for the special purpose Funds and the Square 1 Fund 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. In general, a Limited Partners minimum initial investment amount varies by Fund. The minimum initial investment amount is stated in each Fund's Fund Agreement and is subject to waiver by the Affiliated General Partner in its sole and absolute discretion. Industry Ventures also advises a single managed account that pursues substantially the same investment objective and strategy and invests in each of the Funds or in one or more co-investment or special purpose vehicles that invest side-by-side in substantially the same positions as the Funds.

As noted in Item 4 above, Industry Ventures also provides investment advice to the Square 1 Fund pursuant to an Investment Management Agreement entered into with Square 1 GP. The investment minimums and investor eligibility requirements for the Square 1 Fund are set forth in the offering documents for the Square 1 Fund without input from Industry Ventures or its affiliates. The Square 1 Fund is not currently open to new investors.

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 four general strategies, a secondary fund investment strategy, a hybrid fund of funds investment strategy, a direct co-investment strategy and a venture buyout investment strategy.

Secondary Funds. Secondary Funds primarily acquire, in secondary transactions, equity and equity-related securities issued by venture-backed companies and interests in venture capital funds. The Secondary Funds strategy targets investments in portfolios and companies which are late in the "J-curve" by segmenting and valuing portfolios at the company level. 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.

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 targets high performing small funds which are often oversubscribed and generally closed to new investors. Partnership Holdings Funds also acquire early secondary interests (that is, interests

that are less than 50% funded) in venture capital funds typically purchased from distressed sellers and special purpose vehicles. Additionally, Partnership Holdings Funds invest in direct investment opportunities. 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.

Direct Fund. Industry Ventures Direct Fund invests primarily in direct investments and special purpose vehicles as co-investment opportunities with leading venture capital investment firms. The Direct Fund focuses on early and mid-stage companies, typically in their Series A through C financing rounds with generally \$20-\$200M of enterprise value and \$1-\$20M of revenue upon initial investment. The Direct Fund may make later stage investments on an opportunistic basis.

Tech Buyout Fund. Industry Ventures Tech Buyout Fund invests primarily in technology buyout investments, either through direct investments and/or secondary investments or through a special purpose vehicle. The Tech Buyout Fund focuses on small technology companies, typically in the small end of the market defined as sub \$100M venture buyout deals.

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 Affiliated 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.
- A Fund may invest a portion of their assets in the securities of smaller or less established companies. Investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger market capitalizations. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.

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. Neither Industry Ventures nor any of its management persons have been involved in any legal or disciplinary events that would be material to an investor's evaluation of Industry Ventures or the integrity of its management

Item 10. Other Financial Industry Activities and Affiliations

Neither Industry 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 Industry 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.

Industry Ventures organizes and sponsors the Funds, which are private investment companies. These pooled investment vehicles managed by Industry Ventures are controlled by the Affiliated General Partners. Industry Ventures or the Affiliated General Partners will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investment activities. While the Affiliated General Partners are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Affiliated General Partners are subject to the supervision and control of Industry Ventures. Thus, the Affiliated General Partners and the persons acting on their behalf would be "persons associated with" Industry Ventures so that the SEC could enforce the

requirements of the Advisers Act and Industry Ventures' compliance policies and procedures on the Affiliated General Partners.

While not a "related person," certain employees of Standish Management ("**Standish**"), Industry Ventures' outsourced accounting, fund administration, and financial reporting provider, own a minority equity interest in certain of the Affiliated General Partners entitling such persons to participate in the net income of the Affiliated General Partner(s). Such minority investors in the Affiliated General Partners have no input into or control over Industry Ventures' or the Affiliated General Partners' management or investment decisions with respect to the Funds or any other investment vehicle managed by Industry Ventures or its affiliates. There is no special treatment of such investors, but these investments may give rise to conflicts of interest, because such persons may have access to certain information about the Funds and the Affiliated General Partners not available to other Investors by virtue of their responsibilities with Standish for providing outsourced accounting and fund administration services to Industry Ventures. Industry Ventures monitors all investments by such persons. In addition, the agreement between Standish and Industry Ventures prohibits Standish and its personnel from using any confidential or proprietary information received from Industry Ventures in any way that is, or could appear to be, for personal gain or adverse to the interests of the Funds or the underlying investors in the Funds.

As noted under Item 4 above, Industry Ventures (or the Affiliated General Partners) have entered into "Side Letters" or similar agreements with certain investors in the Funds that are not made available to Investors generally. Certain Side Letter terms may be granted to incentivize or permit certain Limited Partners to invest with Industry Ventures, invest certain amounts, or invest with Industry Ventures in the future. Although such Side Letters may give rise to conflicts of interest, Industry Ventures has adopted procedures to monitor all Side Letters to ensure no investors are disadvantaged by the triggering of one or more provisions of a Side Letter. Please refer to Item 4 for additional information.

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 Advisers Act, 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' Chief Compliance Officer, and requires the Chief Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Chief 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 Chief Compliance Officer at (415) 273-4201 or 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 focuses on making investments in private securities, specifically equity and equity-related securities issued by venture capital stage operating companies and interests in venture capital funds. Accordingly, Industry Ventures does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. To the limited extent Industry Ventures transacts in public securities, it intends to select brokers based upon the broker's ability to provide the best execution for the Fund at a competitive rate.

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 seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services. 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 maintains custodial accounts for certain of the Funds' holdings in public securities and any transactions in such securities will generally be executed through the custodial broker-dealer when the Firm believes that doing so is consistent with best execution. Although Industry Ventures generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest price. Among other reasons, transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions than would be the case for more routine services.

Industry Ventures currently does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to Industry Ventures' own research effort. To the best of Industry Ventures' knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. Industry Ventures does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services.

In the event that Industry Ventures does enter into any soft dollar arrangements in the future, the following policy will apply to Industry Ventures' practices:

As discussed above, in selecting a broker for any transaction or series of transactions, Industry Ventures may consider a number of factors. Where comparable execution may be obtained from more than one broker, Industry Ventures may select brokers in recognition of the value of various services or products, beyond transaction execution, that they provide to Industry Ventures or its clients. The amount of compensation paid to such broker-dealer may be higher than what another, equally capable broker-dealer might charge. Selecting a broker or dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with soft dollars. Although customary, these arrangements present potential conflicts of interest in allocating securities transactional business to broker-dealers in exchange for soft dollar benefits, including an incentive to select a broker-dealer based on Industry Ventures' interest in receiving research or other products or services, rather than on the Funds' interest in receiving the most favorable execution.

Pursuant to Section 28(e) of the Securities Exchange Act of 1934, as amended, Industry Ventures may use soft dollars to acquire a variety of eligible “research” and “brokerage” services and products from a broker-dealer, provided that the commissions paid are reasonable in light of the value of the brokerage and research products or services provided, as determined by Industry Ventures in good faith. For these purposes, “research” means services or products used to provide lawful and appropriate assistance to Industry Ventures in making investment decisions for the Funds. “Brokerage” services and products are those used to effect securities transactions for the Funds or to assist in effecting those transactions.

Industry Ventures periodically evaluates the execution performance of brokers to ensure that the services provided are consistent with best execution.

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.

Item 13. Review of Accounts

Industry Ventures’ partners regularly review all Fund portfolios. 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 Advisers Act, to the extent required by applicable law.

Item 15. Custody

Pursuant to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), Industry Ventures is deemed to have custody of the assets held by the Funds because affiliates of Industry Ventures serve as the general partners of the Funds. As noted above, Industry Ventures is not affiliated with the Square 1 GP and therefore is not deemed to have custody of the assets of the Square 1 Fund. Industry Ventures does, however, have the authority to select, appoint and retain custodians to maintain the assets of the Square 1 Fund and to open, maintain and close accounts with brokers to effect transactions for the Square 1 Fund.

To ensure compliance with the Custody Rule, Industry Ventures will ensure that the Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”) and that the audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to Investors within 120 days of the end of each Fund’s fiscal year (180 days in the case of the Hybrid FOFs). Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare these statements to any account information provided by Industry Ventures.

From time to time, for legal, tax, regulatory, or other similar purposes, Industry Ventures utilizes certain special purpose vehicles (“SPVs”) to facilitate investments in certain securities by one or more of the Funds. In accordance with applicable SEC guidance, Industry Ventures generally treats the assets owned by the SPVs as assets of the relevant Funds of which Industry Ventures has custody indirectly and therefore includes such assets within the scope of the Funds’ financial statement audits, as described above.

As Industry Ventures’ investment program primarily involves investments in privately offered securities issued by venture capital stage operating companies and in interests in venture capital funds, Industry Ventures generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” Industry Ventures anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer’s outstanding securities.

To the extent that Industry Ventures holds any publicly traded securities or securities which are otherwise ineligible for an exemption from qualified custodian requirement of the Custody Rule, Industry Ventures will maintain such securities with a qualified custodian in an account in the name of the Fund or in accounts that contain only funds and securities owned by the Funds, under Industry Ventures’ name as agent or trustee for the Funds.

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. The Investment Management Agreement entered into between Industry Ventures and the Square 1 GP provides Industry Ventures with discretionary authority to manage and control the investment of the assets of the Square 1 Fund in accordance with the terms of the Investment Management Agreement and the Investment Guidelines established by the Square 1 Fund.

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 limited partner advisory committee 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. Industry Ventures does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to include a balance sheet for its most recent fiscal year. Industry Ventures has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts or meet contractual commitments to the Funds or Investors.

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.




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