

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**VEDANTA MANAGEMENT, L.P.**

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**March 31, 2015**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Vedanta Management, L.P. (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (212) 710-5220. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

Since the last version of this Brochure dated March 31, 2014, the Brochure has been revised to update the description of Vedanta Management, L.P.'s advisory business.

## ADVISORY BUSINESS

Vedanta Management, L.P. (the “**Management Company**” and together with its affiliates “**Vedanta**”) is a registered investment adviser and a Delaware limited partnership. Vedanta is a private investment management firm that provides investment supervisory services to its clients, which consist of private investment-related funds (each, a “**Fund**,” and together with any future private investment fund to which the Management Company or its affiliates provide investment advisory services, including employee and co-investment vehicles, the “**Funds**”). Vedanta Associates, L.P. and Vedanta CFO Associates, L.L.C. (each a “**General Partner**” and collectively with the Management Company, the “**Advisers**”) are affiliated with the Management Company and serve as general partner of certain of the Funds. The General Partners are registered under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Management Company and certain other affiliates are general partners of the other Funds. The Management Company commenced operations in 2006. This Brochure generally describes the business practices of Vedanta, as a single advisory business, and investors should refer to the Governing Documents, as described below, for specific details about each Fund.

The Management Company currently offers two basic investment capabilities: (1) direct private funds that typically invest in venture and/or growth private equity related investments, generally in private companies in expansion to later stage venture and special situations (the “**Direct Funds**”), and (2) private equity funds of funds that invest primarily in direct private funds, typically managed by other fund groups (the “**Funds of Funds**”).

In general, the Direct Funds invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**,” predominantly in non-public companies, although investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Vedanta may serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Direct Funds have invested.

The Management Company advises two basic types of Funds of Funds: (1) unleveraged private equity funds of funds focused mostly on venture and growth equity (each, an “**Unleveraged Fund of Funds**”) and (2) a leveraged private equity fund of funds (the “**Leveraged Fund of Funds**”). Each Fund of Funds may invest in direct funds globally across the private equity spectrum. The portfolio of each Unleveraged Fund of Funds primarily consists of U.S. venture capital and growth equity funds, but may include, without limitation, non-U.S. venture and growth equity funds as well as other types of private equity funds. The Leveraged Fund of Funds invests globally in private equity funds, including venture, buyouts and other private equity related strategies. The funds in which the Funds of Funds invest may include Funds managed by one or more of the Advisers.

The Advisers' investment advisory services to the Funds generally consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and, with respect to Direct Funds (or for a Fund of Funds when it receives an in-kind distribution), achieving dispositions for such investments. The Advisers' advisory services for each Fund are detailed in the applicable private placement memoranda or other offering documents (each, a "**Memorandum**") and/or limited partnership or other operating agreements (each, a "**Partnership Agreement**"), subscription agreements (each, a "**Subscription Agreement**") and, as applicable side letters (each, a "**Side Letter**" and together with the Memorandum, Partnership Agreement and Subscription Agreements, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in Funds participate in the overall investment program for the applicable Fund, but generally may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Funds or the Advisers may enter into Side Letters or other similar agreements with certain investors that have the effect of establishing certain rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to that limited partner.

Additionally, from time to time, the Advisers may provide (or agree to provide) certain investors or other persons, including the Advisers' personnel and/or certain other persons associated with the Advisers (to the extent not prohibited by the applicable Partnership Agreement), co-investment opportunities (including the opportunity to participate in co-invest vehicles) that will invest in certain portfolio companies alongside a Fund. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, and the co-investor or co-invest vehicle may be charged interest on the purchase to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.

As of December 31, 2014, the Management Company managed approximately \$666.2 million in client assets on a discretionary basis. The Management Company's principal owner is Vedanta Partners, LLC. Parag Saxena and Alessandro Piol are the principal owners of Vedanta Partners, LLC.

## **FEES AND COMPENSATION**

In general, the Management Company receives a management fee (a "**Management Fee**") and the Advisers receive a carried interest in connection with advisory services provided to the Funds. The Advisers or other Vedanta entities or affiliates may receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation may offset in whole or in part the management fees otherwise payable to the Management Company. Investors in each Fund also bear certain Fund expenses. The summary of fees and compensation below is a general overview of the fees and compensation and is subject to the more detailed provisions of the

Governing Documents. Investors should review the applicable Fund's Governing Documents for details regarding the fee structures summarized below.

## **Management Fees**

With respect to the Direct Funds, the Management Company typically receives an annual Management Fee of 2.0% to 2.5% on capital commitments during the Direct Fund's active investment period. When a Direct Fund's active investment period ends, the Management Fee may, if negotiated, be reduced so that it is charged on capital contributions, rather than commitments.

For the Unleveraged Fund of Funds, the Management Company generally receives an annual Management Fee of 1.0% to 1.25% on capital commitments typically for approximately the first eight (8) years of the Fund's term. After such time, the Management Fee may, if negotiated, be reduced, declining possibly each year by 10% from the prior year's Management Fee but typically not below 0.5%.

For the Leveraged Fund of Funds, the Management Company generally receives an annual Management Fee of 1.0% on capital committed to private equity funds during the Leveraged Fund of Fund's active investment period and, depending on the particular fund, the fee has a senior and subordinated component.

### Other Management Fee Information

The Advisers may elect, with respect to their Funds, to waive a portion of the Management Fee in exchange for, among other things, a reduction in the applicable Adviser's capital contribution obligation and/or a corresponding increased interest in Fund profits.

If a Fund of Funds invests in another Fund of Funds vehicle managed by the Advisers, the Advisers typically waive fees with respect to one of the Adviser-managed Funds of Funds vehicles so that investors in such Fund of Funds are not charged two layers of fees at the Funds of Funds level by the Advisers (although investors in Fund of Funds are still subject to fees charged by underlying portfolio funds, including Direct Funds in addition to the fees charged by the Fund of Funds).

In addition, a Fund's Management Fee generally may be reduced by a percentage of certain fees earned by Vedanta or its personnel, such as financial consulting fees, advisory fees, transaction fees and breakup fees (other than directors' fees) paid to Vedanta with respect to a Fund investment or any Fund transaction not completed, directors' fees earned by Vedanta personnel with respect to a Fund investment or employment compensation received by any partner, officer, director or employee of Vedanta from a portfolio company, subject to the terms set forth in the applicable Fund's Governing Documents. The Advisers and/or their affiliates generally have discretion over whether to charge transaction fees to a portfolio company and, if so, the fee rate or amount. The receipt of transaction fees may give rise to conflicts of interest between the Funds, on the one hand, and the Advisers and/or its affiliates on the other hand.

Portfolio company-related fees may include amounts prepaid in anticipation of future services or otherwise accelerated, which will be offset against the applicable Management Fee to

the extent set forth in the relevant Partnership Agreement. Although such prepaid or accelerated fees generally will be based on the anticipated level and duration of services that the Adviser believes at the time of such prepayment or acceleration are likely to be provided to the portfolio company, over time, they may be greater or less than the amount that is ultimately incurred with respect to services ultimately provided to such portfolio company.

The Management Fee typically commences as of the initial closing date, regardless of when a limited partner is actually admitted. Management Fees on Direct Funds and Unleveraged Funds of Funds are generally payable semi-annually, with a portion in arrears, or quarterly in advance. Leveraged Funds of Funds generally have all or a portion of their semi-annual or quarterly Management Fee paid in arrears.

As permitted under the Partnership Agreements, the Advisers may waive or agree to reduce the Management Fee in exchange for an interest in Fund profits. Any such waived or reduced portion of the Management Fee are treated by the Partnership Agreement as a deemed capital contribution by the General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Funds. The limited partners of the Funds may be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees may be significant. Due to waived or reduced Management Fees by the Advisers and/or the timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in the Funds, resulting in a net additional benefit to the Advisers unless otherwise agreed by the Advisers and investors in the Funds.

### **Carried Interest**

For Direct Funds, the Advisers generally may receive a carried interest of 20% of a Direct Fund's realized profits, if any, as more fully described in the applicable Governing Documents. With respect to Funds of Funds, the Advisers generally will receive a carried interest ranging from 5% to 10% of the realized profits, if any, of a Fund of Funds, as more fully described in the applicable Governing Documents. The carried interest distributed to an Adviser with respect to a Fund is subject to a potential giveback at the end of such Fund's life if the applicable Adviser has received excess cumulative distributions.

It is expected that any future Funds will have a similar fee structure.

### **Other Information**

The Advisers may exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by, among other means, a direct exemption, a rebate by the Advisers and/or their affiliates, or through other Funds which co-invest with the relevant investor's Fund.

For example, in instances where an Adviser professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, certain Advisers may have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreements, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Vedanta may receive a portion of the Management Fee, carried interest or other compensation received by the Advisers.

In addition to the Management Fee and carried interest payable to the Advisers, each Fund bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, a Fund bears all other costs and expenses of such Fund (in the case of the Direct Funds, that are not reimbursed by portfolio companies) including, without limitation, the following: legal, accounting, investment banking, travel, consulting, research, brokerage, finder's fees, custody, transfer, registration, insurance, advisory board, interest, taxes, extraordinary expenses and other similar fees and expenses. In addition, investors in the Funds of Funds bear the additional expenses charged by the third party funds and Direct Funds in which the Fund of Funds invest, which generally include management fees and performance-based fees or allocations, as well as their own direct fund expenses. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. Brokerage fees for the Direct Funds (or for a Fund of Funds if it receives an in-kind distribution) may be incurred in accordance with the practices set forth in "Brokerage Practices."

It is expected that, unless otherwise negotiated, any future Funds will have a similar fee structure.

Finally, Vedanta may negotiate specific arrangements that result in higher or lower fees with certain investors based on a variety of factors, including, without limitation, overall relationship with Vedanta and its Funds, timing of admission to a Fund, level of carried interest and management fees, and size of commitment.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," the Advisers may earn a carried interest allocation on certain realized profits in certain Funds. The Advisers also manage certain Funds that are not charged, or charge different, performance-based fees. This practice could present a conflict of interest because the Advisers may have an incentive to favor Funds for which they receive a higher performance-based fee. The Advisers address this potential conflict of interest by maintaining an investment allocations / co-investment policy designed to assist in the

allocation of investment opportunities among clients in a fair and equitable manner, consistent with their fiduciary obligations and the relevant Fund's Governing Documents (if applicable).

## **TYPES OF CLIENTS**

The Advisers provide investment advice to the Funds, which may include investments in investment partnerships or other investment entities formed under U.S. domestic or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. Future clients may include funds or separate accounts. The investors participating in the Funds or any future funds or separate accounts may include, without limitation, U.S. and non-U.S. high net worth individuals, family offices, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Vedanta and its affiliates and members of their families, or other service providers retained by Vedanta.

The Funds generally have a minimum investment amount of \$5 million for third-party investors, and interests in the Funds are offered and sold solely to qualified purchasers (or qualified knowledgeable Vedanta personnel) and/or accredited investors. Such minimum investment amount may be waived by the Advisers.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

The Management Company provides day-to-day investment advisory services to the Fund, subject to the supervision of a Fund's General Partner. Each Fund's General Partner retains ultimate decision-making authority for the Funds. The Advisers generally advise two types of funds: Direct Funds, which invest directly in portfolio companies, and Funds of Funds, which invest in private equity-related funds. Below is a summary of the Advisers' general investment strategy with respect to Direct Funds and Funds of Funds. Such strategies may vary amongst Funds within the categories described below. Investors should refer to a Fund's Governing Documents for investment strategies employed specifically for that Fund.

There can be no assurance that the Advisers will achieve the investment objectives of each Fund and a loss of investment is possible.

### **Investment and Operating Strategy**

#### **Direct Funds Strategy**

The Direct Funds' investments are not limited to one industry sector or a specific investment style. When investing the Direct Funds, the Advisers intend to seek out a wide range of high quality opportunities, subject to a Fund's Governing Documents. The Advisers expect that a majority of a Direct Fund's investments will be in the form of traditional expansion or late stage venture and growth equity, but a Direct Fund may also make earlier stage investments, small buyouts, recapitalizations, spinouts, PIPEs and other special situation investments within



the scope of its investment activities. The investments have historically been mostly in the U.S. but investments are made outside the U.S. as well.

The Direct Funds typically build a portfolio of investments in high growth companies. The Advisers' goal is to invest in potential industry leaders, but at values that the Advisers' believe are appropriate for the risks incurred. While there are significant exceptions, the Advisers typically employ a strategy which generally involves "proof of principle" investing. The evidence of proof of principle varies by industry but can include: customer shipments, brand recognition, clinical data, patented technology, and proven, predictable, profitable business models. The Advisers' believe companies demonstrating proof of principle have reduced risk while still offering attractive valuations. In the Advisers' opinion, at this attractive point between risk and return, the concept risk has been lowered (*e.g.*, the product works and has been tested), but the market risk may still be present, allowing experienced investors the potential for significant return. While each investment may vary, and there are significant exceptions, subject to a Fund's Governing Documents, the Advisers generally look for quality management teams and/or some revenue, except in the case of biotechnology companies.

Diversification across industry sectors is a component of the Advisers' strategy. Historically, the Advisers have invested approximately 60% of their funds in the Information Technology sector (which includes most aspects of the technology and telecom sectors), 25% in the Life Sciences sector (biotechnology, medical devices and services) and 15% in the Consumer/Retail and other sectors.

#### Funds of Funds Strategy

*Unleveraged Fund of Funds Evaluation and Selection.* Based on knowledge gathered from investing in private equity partnerships, the Advisers have compiled a target list of funds in which they wish to invest and proactively seek access to those funds in which they have not already invested, typically groups making venture and some growth equity investments primarily in the U.S., but may be outside the U.S. as well. The Unleveraged Fund of Funds portfolio typically includes portfolio funds on such list but such list is not exclusive. Each Unleveraged Fund of Funds is subject to specific investment guidelines in its Governing Documents.

*Leveraged Fund of Funds Evaluation and Selection.* The Leveraged Fund of Funds typically targets not only venture and growth equity but buyout, special situation and other private equity-related groups and will invest globally.

*Ongoing Unleveraged and Leveraged Fund of Funds.* Additionally, the Advisers monitor the progress of other funds through the Advisers' broad private equity activities and evaluate new funds for potential inclusion in the target list. If the Advisers determine that a fund's potential to achieve a strong risk-adjusted return would make it a worthwhile addition to a Fund of Funds' portfolio, the Advisers will commit to invest, subject to final negotiation of investment terms.

- *Post-Investment Monitoring.* Once a commitment is made, the Advisers remain actively involved in monitoring a portfolio fund's activity. This may include periodic contact with the fund's general partners (or managers) to learn about new investments

or to understand how the existing portfolio holdings are progressing. Adviser personnel also may serve on fund advisory boards or valuation committees, which typically meet on a quarterly, semi-annual or annual basis, and may attend annual meetings as an Adviser determines necessary or appropriate.

- *Distribution Management.* The process of successful investment does not end until the Advisers convert all investments into cash. In some cases, private equity funds may distribute shares of common stock that may or may not have trading restrictions. The Advisers' believe that their considerable experience in managing stock distributions is an advantage in enhancing the realized value of each security position.

## **Risks of Investment**

The Funds and their investors bear the risk of loss that the Advisers' investment strategy entails. Below is a summary of certain risks involved with the Advisers' investment strategy and an investment in the Funds. Investors should review each Fund's Governing Documents for further information regarding risks specific to a Fund.

### General Risks

*Difficulty of Locating Suitable Investments.* Although the Advisers and their professionals have been successful in identifying suitable investments in the past, a Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. If a sufficient number of attractive investments cannot be identified and closed, it is possible that a Fund will never be fully invested. Nevertheless, limited partners will remain obligated to pay management fees based on their commitments.

*Uncertain Economic and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund

to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

*Non-U.S. Investments.* A Fund may invest a portion of its commitments in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Fund's partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners. Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Public Company Holdings.* A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including, in the case of the Direct Funds, Vedanta principals, and increased costs associated with each of the aforementioned risks.

*Liabilities upon Disposition.* A Fund's investments may result in contingent liabilities, which might ultimately have to be funded by the partners to the extent that the partners have received prior distributions from such Fund. The applicable Partnership Agreements will include provisions to the effect that if there is any such claim in respect of an investment, it will be funded by the partners to the extent that they received distributions in respect of such investment.

*Overcommitments.* Subject to a Fund's Governing Documents, a Fund could commit or invest an amount greater than commitments to the Fund by its partners. To the extent the Fund relies on realizations or distributions to pay such overcommitments, it is possible there are no such realizations or distributions to meet Fund obligations or, if there are such realizations or distributions, the timing might be such that there would not be available capital at a given time to meet Fund obligations.

*Dynamic Investment Strategy.* While each Adviser generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant Adviser may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant Partnership Agreement(s). An Adviser may pursue investments outside of the industries and sectors in which the Adviser has previously made investments or has internal operational experience.

*Material Non-Public Information.* As a result of the operations of the Advisers and their affiliates, the Advisers frequently come into possession of confidential or material non-public information. Therefore, the Advisers and their affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Advisers' internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

### Fund of Funds Risks

*Nature of Fund of Fund Investments.* A Fund of Funds may make investments in investment funds (1) with short investment histories, (2) that rely on a few key principals, (3) that invest in companies with short operating histories, (4) that are organized and/or operate outside the United States, and/or (5) that are highly leveraged and/or that operate in rapidly changing markets. As a limited partner of the portfolio fund, the Fund of Funds will have no management authority and will be relying on the management skills of the underlying portfolio fund's general partner or manager. In addition, the secondary market for such investments is very limited. A Fund of Funds may be indirectly exposed to the Direct Fund risks described below.

*Business Risk.* The investment portfolio of a Fund of Funds will consist primarily of securities issued by privately held funds, and the operating results of their portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

### Direct Fund Risks

*Concentration of Investments.* A Direct Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Direct Fund's investment portfolio could become highly concentrated, and, as a consequence, the aggregate return of a Direct Fund may be materially affected by the performance of a single investment or a single industry segment.

*Focus on Expansion-Stage Investments.* It is anticipated that, unless otherwise set forth in the Governing Documents, the Direct Funds will make investments primarily in venture companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, an Adviser may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There is no assurance that any Direct Fund will make add on investments or

that any Direct Fund will have sufficient funds to make all or any of such investments. Any decision by a Direct Fund not to make add on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for such Direct Fund to increase its participation in a successful operation.

*Investment in Junior Securities.* The securities in which a Direct Fund will invest may be among the most junior in a company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

*Leveraged Investments.* A Direct Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both a Direct Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to a Direct Fund that may not be covered by distributions made to such Direct Fund or appreciation of its investments. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or to finance future operations and capital needs. In addition, the leveraged capital structure of portfolio companies will increase the exposure of a Direct Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been at or near historic lows) and could accelerate and magnify declines in the value of a Direct Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Direct Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, if the credit markets become unfavorable when a Direct Fund determines that it is desirable to sell all or a part of a portfolio company, the Direct Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Direct Fund will invest generally will not be rated by a credit rating agency.

*Director Liability.* A Direct Fund will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes a Fund's representatives, and ultimately the Direct Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

## **Conflicts of Interest**

Vedanta and its related entities engage in a broad range of advisory and non-advisory activities. In the ordinary course of Vedanta conducting its activities, the interests of a Fund may

conflict with the interests of Vedanta, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by the Adviser principals through such Fund, subject to certain limited exceptions. Without limitation, the Adviser principals currently, and may in the future, manage several other investment vehicles similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investment vehicles. The Advisers' principals and Advisers' investment staff will continue to manage and monitor such investments until their realization. Such other investment vehicles that the Adviser principals may control or manage may own companies that potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, the Adviser principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, the Advisers will be presented with investment opportunities that would be suitable not only for a particular Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Advisers. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of an Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. When and to the extent that employees and related persons of an Adviser and its affiliates make capital investments in or alongside certain Funds, such Adviser and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Investment opportunities may be appropriate for multiple Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

As a result of the Funds' controlling interests in portfolio companies, the Advisers and/or their affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to the Advisers and/or their affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to the Advisers.

Additionally, a portfolio company may reimburse the Advisers or service providers retained at the Advisers' discretion for expenses (including without limitation travel expenses) incurred by the Advisers or such service providers in connection with their performance of services for such portfolio company. This subjects the Advisers and their affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. The Advisers often determine the amount of these reimbursements for such services in their own discretion, subject to their internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect may be reflected in each Fund's audited financial statements, including, without limitation, through the valuation of a portfolio company, and any fee paid or expense reimbursed to the Advisers or such service providers generally is or may be subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

The Advisers generally exercise their discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) an Adviser or a related person of the Adviser (which may include a portfolio company of such Fund) or (ii) an entity with which an Adviser or its affiliates or current or former members of their personnel has a relationship or from which such Adviser or its affiliates or their personnel otherwise derives financial or other benefit. This subjects the Advisers to conflicts of interest, because although the Advisers select service providers that they believe are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Advisers may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that the Advisers, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not an Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Advisers and/or their affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by the Advisers and/or their affiliates; conversely, former personnel or executives of the Advisers and/or their affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Advisers. Similarly, the Advisers, their affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Advisers and/or their affiliates, and/or the Funds or other investment vehicles they advise. The Advisers may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Advisers information about markets and industries in which the Advisers operate (or are contemplating operations) or will

provide other services that are beneficial to the Advisers. The Advisers may have a conflict of interest in making such recommendations, in that the Advisers have an incentive to maintain goodwill between them and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

The Advisers, their affiliates, and equityholders, officers, principals and employees of the Advisers and their affiliates may buy or sell securities or other instruments that the Advisers have recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Advisers, are reimbursed by a Fund and/or its portfolio companies, the Advisers may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) pay certain fees to third party consultants (including consultants introduced or arranged by the Advisers and/or their affiliates that may regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein.

Because the Advisers' carried interest is based on a percentage of net realized profits, it may create an incentive for the Advisers to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Advisers may not otherwise have done so.

The Advisers may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Mr. Saxena is also a co-founder of New Silk Route Partners, Ltd. (together with its affiliates "**NSR**"), a private investment firm focused primarily on investing in Asia, mostly in India and the Indian Subcontinent. In addition to Mr. Saxena, the Advisers' and certain of their personnel provide structuring, administration and back office support to NSR. Certain investment opportunities made available to the Funds may also be made available to NSR and as a result will be subject to the Adviser's allocation policies governing such co-investments between the Funds and NSR. Actions and investment decisions taken for and in managing NSR and its investment products may be different or directly contrary to actions taken for the Funds.

Any of the situations described herein subjects the Advisers and/or their affiliates to potential conflicts of interest. The Advisers attempt to resolve such conflicts of interest in light of its obligations to investors in their Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate



investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Advisers will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Advisers consult and receive consent to conflicts from an advisory board consisting of limited partners of the relevant Fund and such other investment vehicles.

#### **DISCIPLINARY INFORMATION**

The Advisers and their management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under “Advisory Business” above, the Management Company is affiliated with the General Partners, investment advisers registered with the SEC under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with the Management Company and serve as managers or general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Advisers have adopted the Vedanta Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of the Advisers’ principals and employees and addresses conflicts that arise from personal trading. The Code generally requires the Advisers’ personnel to report their personal securities transactions and to obtain pre-clearance from the Advisers’ Chief Compliance Officer (“**CCO**”) before directly or indirectly acquiring beneficial ownership of any securities in an initial public offering or a limited offering or directly or indirectly acquiring or disposing of beneficial ownership of any securities on the Advisers’ restricted or watch list. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, (“**MNI**”). A copy of the Code will be provided to any investor or prospective investor upon request to Margaret Riley, the Advisers’ CCO, at (212) 710-5226. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

The Advisers and their affiliated persons may come into possession, from time to time, of MNI or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers. Accordingly, should the Advisers or any of their affiliated persons come into possession of MNI or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to

clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

As discussed under "Methods of Analysis, Investment Strategies and Risk of Loss - Conflicts of Interest," principals and employees of the Advisers and their affiliates may, directly or indirectly, own an interest in the Funds or certain co-investment vehicles. Any co-investment vehicles may invest in one or more of the same portfolio companies or portfolio funds as the Funds. Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, a Fund may invest together with other Funds advised by an affiliated adviser of Vedanta in the manner set forth in the Partnership Agreements. The Management Company or its affiliates typically commit to invest an amount equal to at least 1% of commitments to a Fund.

Furthermore, the Advisers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may take actions, give advice and recommend securities for their own accounts and/or for family members, friends or others, or their respective vehicles, which may differ from actions taken, advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by Vedanta (the "**Reference Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives) in such Reference Funds.

### **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell securities of such companies through privately-negotiated transactions and may, particularly in the case of publicly traded securities, retain the services of a broker-dealer. However, the Advisers may also distribute securities to investors in the Funds or sell such securities, including by using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they will follow the brokerage practices described below.

If an Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Vedanta may consider a variety of factors, including, without limitation: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) the gross compensation paid to the broker; and (v) the financial strength of the broker.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of the Advisers’ Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Advisers, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that the Advisers allocate brokerage business on the basis of research services, they may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on a Funds’ interest in receiving most favorable execution.

To the extent that the Advisers engage in any public securities transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund is favored over any other Fund.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose

of securities. However, the Advisers closely monitor companies and portfolio funds in which the Funds invest, and the CCO periodically checks to confirm that each Fund is invested in accordance with its stated objectives.

Each Fund generally provides to its limited partners (i) annual audited financial statements, (ii) unaudited financial statements for the first three quarters of each fiscal year, and (iii) annual tax information necessary for each partner's U.S. tax returns. Limited partners may also receive reports summarizing investment information for certain portfolio companies or portfolio funds, as applicable, on a periodic basis.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

The Advisers and/or their affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation may, in some cases, offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees (or expense reimbursements) may be in addition to Management Fees.

From time to time, Vedanta may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Unless otherwise agreed in the Governing Documents of a Fund, any fees payable to any such placement agents generally will be borne by Vedanta directly or indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

#### **CUSTODY**

The Advisers have established an account on behalf of each of the Funds with Bank of New York Mellon, a qualified custodian, to hold such Fund's funds and securities.

#### **INVESTMENT DISCRETION**

The Advisers have discretionary authority to manage investments on behalf of the Funds. As a general policy, the Advisers do not allow limited partners to place limitations on this authority beyond what is agreed to in a Fund's Governing Documents. Pursuant to the terms of a Fund's Partnership Agreement, however, the Advisers may enter into Side Letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Advisers assume their discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

#### **VOTING CLIENT SECURITIES**

The Advisers have adopted the Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for a Fund's portfolio investments.

The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of a Fund's investors, for example, through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a material conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards or portfolio fund advisory boards by Adviser personnel or the Adviser's receipt of management or other fees from portfolio companies or portfolio funds to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of a Fund. Limited partners who would like a copy of the Advisers' complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies should contact Margaret Riley, the CCO, at (212) 710-5226, and such information will be provided free of charge.

#### **FINANCIAL INFORMATION**

Vedanta does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.