

PART 2A OF FORM ADV

FIRM BROCHURE

SAPPHIRE VENTURES, LLC

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Sapphire Ventures, LLC (“Sapphire Ventures”). If you have any questions about the contents of this Brochure, please contact Anthony Matusich, Chief Compliance Officer, at 650-849-3958 or by email at anthony@sapphireventures.com. 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 securities authority. References in this Brochure to Sapphire Ventures as a “registered investment adviser” are not intended to imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

This Brochure dated March 31, 2015 contains material changes since the last annual update of the Brochure dated March 26, 2014. Specifically, this Brochure reflects a change to the legal name of the Firm from SAP Ventures, LLC to Sapphire Ventures, LLC, as reflected in the most recent version of this Brochure dated October 20, 2014. In addition, this Brochure contains the following material changes since the last annual update of the Brochure:

- Item 4 has been updated to reflect Sapphire Ventures' regulatory assets under management as of December 31, 2014.
- Item 5 contains additional information about director's fees, transaction fees, monitoring fees, advisory fees, closing fees, break-up fees, and other similar fees Sapphire Ventures or its affiliates receive from Portfolio Companies or otherwise in connection with investments made by the Funds.
- Item 8 contains additional information regarding certain risks associated with the investment strategies pursued by the Funds.
- Item 10 includes additional disclosures regarding Sapphire Ventures' affiliates that serve as general partners to the Funds and the fact that certain employees of Sapphire Ventures serve as directors, observers, or advisors to Portfolio Companies or Portfolio Funds.
- Item 17 contains additional information about Sapphire Ventures' proxy voting policies and procedures and how the Firm handles potential conflicts of interest that may arise in connection with the voting of securities held by the Funds.

Please note that this summary discusses only material changes that have occurred since the last annual update of the Brochure.

While Sapphire Ventures has revised the language in various sections of the Brochure, it has not materially altered any of the other responses in this Brochure.

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ITEM 4 – ADVISORY BUSINESS

A. Overview of Sapphire Ventures

Sapphire Ventures is a Delaware limited liability company originally formed in August 2010 under the name SAP Ventures, LLC and subsequently renamed Sapphire Ventures, LLC in October 2014. Sapphire Ventures, and the Affiliated General Partners (as defined below), provide discretionary investment advisory services to private investment funds (the “Funds” or “Advisory Clients”). Currently, each of the Funds is a single investor Fund and is not open to other investors. The sole investor in each Fund is SAP SE, a European Company (*Societas Europaea*, SE) established under the laws of Germany and the European Union (“SAP SE”).

The principal owner of Sapphire Ventures is Nino Marakovic.

Affiliates of Sapphire Ventures serve as general partners of each of the Funds (each an “Affiliated General Partner”). Each Affiliated General Partner has full and exclusive management authority over all investments, asset dispositions, distributions, and other affairs of their respective Fund. Each Affiliated General Partner is a related person of Sapphire Ventures and is under common control with Sapphire Ventures. While the Affiliated General Partners maintain ultimate management authority over the business and affairs, including investment decisions, of its respective Fund, Sapphire Ventures has been delegated the role of investment adviser. The Affiliated General Partners and their employees and personnel will be subject to the Investment Advisers Act of 1940 (the “Advisers Act”) and rules thereunder, and to all of Sapphire Ventures’ compliance policies and procedures. Each of the personnel of the Affiliated General Partners will be deemed “persons associated with” Sapphire Ventures (as that term is defined in section 202(a)(17) of the Advisers Act) and will be subject to SEC examination. As such, references to Sapphire Ventures in this Brochure should also be considered references to the Affiliated General Partners (and vice versa) in the appropriate context.

B. Advisory Services

Sapphire Ventures and the Affiliated General Partners serve as the investment advisers to the Funds. The Funds invest primarily in equity and equity-related securities issued by venture capital stage operating companies (each a “Portfolio Company”), as well as venture capital funds (each a “Portfolio Fund”). Each Fund may invest a portion of its assets in other investment transactions that it deems appropriate, pursuant to the Fund’s partnership agreement. Each Fund also invests in cash and cash equivalent securities on a short-term basis and engages in other activities customary to venture capital funds and venture capital funds of funds. The Funds may make such investments directly or indirectly via separate entities established for legal, tax, regulatory or other reasons, by the relevant Affiliated General Partner.

The terms of each Fund, including fees, reporting, certain limitations on investing, and other such terms, were heavily negotiated prior to the investors investing in the applicable Fund and are detailed in the limited partnership agreement of each Fund. The limited partnership agreement of each Fund set forth such Fund’s investment objectives and strategy, including guidelines and restrictions regarding the types of securities in which the Funds will invest. Sapphire Ventures tailors its investment advice to each Fund in accordance with the investment objectives and strategy as set forth in the limited partnership agreement of each Fund.

C. Assets Under Management

As of December 31, 2014, Sapphire Ventures (together with the Affiliated General Partners) manages \$1,548,831,493 of Fund assets on a discretionary basis. Sapphire Ventures does not manage any assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

A. Compensation for Advisory Services

Investors in the Funds negotiated the applicable limited partnership agreements prior to their investment in each Fund. Such limited partnership agreements contain a detailed description of the compensation payable to Sapphire Ventures and the Affiliated General Partners

In general, each Fund pays Sapphire Ventures an annual management fee initially based on capital commitment, and then as detailed in the respective limited partnership agreements. The Affiliated General Partners are also generally eligible to receive a performance allocation in the form of a carried interest, as detailed in the limited partnership agreement. Fees are paid by the applicable Funds.

Management fees are generally payable quarterly in advance. Any performance allocation of gain occurs at the time the applicable gain occurs.

The information contained herein is a summary only and is qualified in its entirety by each Fund's organizational documents.

B. Expenses

Expenses to be borne by each Fund generally include the following: (i) out-of-pocket expenses associated with the Fund organization; (ii) legal, accounting, audit, custodial and other professional fees; (iii) consulting fees relating to services rendered to the Fund (iv) banking, brokerage, and similar fees or commissions; (v) transfer, capital and other taxes; (vi) insurance premiums, indemnifications, costs of litigation and other extraordinary expenses; (vii) costs of financial statements and other reports to the investors; (viii) interest expenses; (ix) amounts paid to or for the benefit of Portfolio Companies or Portfolio Funds other than as capital contributions thereto or in exchange for securities issued thereby; (x) management fees; (xi) advertising and public notice costs; (xii) costs and expenses incurred by the tax matters partner (as defined in the limited partnership agreement of each Fund) in its capacity as such; (xiii) costs of compliance with applicable securities laws; and (xiv) any other expenses not listed in the preceding clauses (i) through (xiii) that are not normal operating expenses of the Affiliated General Partner.

Additionally, the management fees are subject to offset for certain fees received by Sapphire Ventures or its affiliates in connection with certain Fund activities.

Certain Funds may invest in underlying Portfolio Funds managed by third parties. The managers of such Portfolio Funds typically receive management fees and carried interests from their investors, including the Funds. As a result, investors in the Funds will be subject to these fees and carried interests, in addition to the management fees and carried interests payable to Sapphire Ventures and its affiliates. The management fees and carried interests payable to Sapphire Ventures and its affiliates will not be reduced by any fees or carried interests paid to managers of Portfolio Funds. Please see Item 12 for Sapphire Ventures' brokerage practices.

The information contained herein is a summary only and is qualified in its entirety by each Fund's organizational documents.

C. Pre-payment of Fees

Management fees are generally paid quarterly in advance. To the extent a Fund terminated prior to the end of a quarter, a pro-rated portion of the management fees in respect of that quarter would be refunded.

D. Other Fees and Expenses

Sapphire Ventures or its affiliates may receive director's fees, transaction fees, monitoring fees, advisory fees, closing fees, break-up fees, and other similar fees from Portfolio Companies or otherwise in connection with investments made by the Funds. As detailed in the Governing Documents of each Fund, 100% of all such fees received by Sapphire Ventures, the Affiliated General Partners, or any of their affiliates, net of any related expenses, will be applied to reduce the Management Fee otherwise payable by investors. Any director's fees either in cash or stock received from a company that has issued publicly traded stock will not be subject to the Management Fee offset described above, to the extent that such director's fees do not exceed the fees paid by such company to outside directors generally. However, Sapphire Ventures can contribute such fees back into the relevant Fund at its discretion.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Sapphire Ventures generally manages Funds that pay performance-based compensation as described in Item 5.

The Funds pay performance-based compensation based upon differing formulations. As a result, Sapphire Ventures could have a conflict of interest in determining the amount of the investment to allocate to each Fund, because Sapphire Ventures has an incentive to favor the Fund that would pay a greater performance-based compensation, thereby potentially disadvantaging the investors in the Fund that pays lower performance-based compensation. This potential conflict is mitigated by the fact that, due to the different investment strategies employed by the Funds it is unlikely that the two Funds would make an investment in the same Portfolio Company. In the rare instance that the Funds were to make an investment in the same Portfolio Company, each investment would be subject to the investment guidelines as detailed in the limited partnership agreements. Finally, any potential conflict is further mitigated by the fact that the Funds generally have the same investors and therefore the investors would receive the benefit (or loss) of the investment in either case.

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 Sapphire Ventures to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Sapphire Ventures has designed and implemented procedures to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities. All recommendations and investment decisions are made independently and objectively based on the best interests of each Fund and in a manner that is permissible under the respective Funds' limited partnership agreement. Sapphire Ventures does not take the potential for performance-based compensation into account when making investment decisions or allocating investment opportunities among the Funds.

In general, Sapphire Ventures does not manage any Funds or other accounts that do not pay performance-based compensation. In addition, investors are provided with clear disclosure 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.

ITEM 7 – TYPES OF CLIENTS

Sapphire Ventures, together with the Affiliated General Partners, provides investment advisory services to pooled investment vehicles operating as private investment funds.

Each Fund investor must meet the eligibility provisions of the applicable funds. Specifically, all investors in the Funds are “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). In general, any minimum capital commitment for any Fund is negotiated by the Fund’s investors. As noted above, currently the only investor in the Funds is SAP SE.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategy

The following summarizes the methods of analysis and investment strategies used by Sapphire Ventures in formulating the investment advice provided to Advisory Clients. There can be no assurance that Sapphire Ventures or the Funds will achieve their investment objectives or that the investment strategies employed by Sapphire Ventures will be successful.

As described in Item 4.B. above, Sapphire Ventures' principal strategy involves investing in a diversified portfolio of growth stage companies and venture capital funds.

Sapphire Ventures will seek to invest in what it believes are top-tier growth stage information technology companies and, in the case of certain Funds, in interests issued by venture capital funds. Sapphire Ventures defines growth stage companies as those that have a proven product and business model and have started scaling their revenue.

The Fund's investments are characterized by a high degree of risk, volatility and illiquidity.

B. Risk Factors

An investment in the Funds involves a significant degree of risk. There can be no assurance that the Funds' targeted rate of return will be achieved or that there will be any return of capital. The environment for venture capital investments is increasingly competitive and an investor should only invest in the Funds if the investor can withstand the liquidity constraints of an investment in the Fund and a total loss of its investment.

In addition to the risk factors set forth in the limited partnership agreement of each Fund, each Fund investor should carefully consider the following:

- The Funds may acquire 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 whose valuations are more volatile than those of larger companies.
- Certain Funds expect to invest substantial assets in underlying Portfolio Funds. Each Portfolio Fund is subject to the risks described above with respect to the portfolio companies in which it invests. The value of such Portfolio Fund investments may be materially adversely affected if any of the foregoing occurs with respect to a portfolio company in which such Portfolio Fund invests.

- The success of certain Funds' investments in Portfolio Funds is dependent on the management of those Portfolio Funds. Any change in such management could have a materially adverse effect on the applicable Funds' investments.
- Funds investing in Portfolio Funds will be charged fees, carried interests and other compensation and expenses by the managers of such Portfolio Funds. Investors in such Funds 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 Funds described in Item 5 above.
- The secondary market for venture capital companies and interests in venture capital funds is highly competitive. Funds may not be able to make investments on attractive terms or to invest all of their capital.
- The Funds may establish reserves for follow-on investments in Portfolio Companies, operating expenses, liabilities and other matters. Such reserves are difficult to estimate. Any Fund may not establish adequate reserves, which would have a material adverse effect on such 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 any Fund's investments.
- Any Fund may not be able to obtain complete or accurate information about an investment and Sapphire Ventures or the Affiliated General Partners may misinterpret the information that is received. Sapphire Ventures or the Affiliated General Partners also may receive material, non-public information about an issuer that could prevent any Fund from trading securities of that issuer when the Fund could otherwise make a profit or avoid losses.
- Most Fund investments will be illiquid, and the Funds 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.
- Each Fund's investments may not be sufficiently diversified.
- The Funds will generally seek investment opportunities that allow them to acquire control or exercise influence over management and the strategic direction of Portfolio Companies in which they invest, including designating observers or directors to observe or serve on the boards of directors of portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control over a Portfolio Company could expose the assets of the Funds to claims by such Portfolio Company, its security holders and its creditors. While Sapphire Ventures and the Affiliated General Partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.
- If a Fund becomes the beneficial owner of more than 10% of any class of the equity securities of a company registered under the Exchange Act (i.e., a public reporting company) or places a director on the board of directors of such company, the Fund may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. Sapphire Ventures intends to manage its investments so as to avoid the short-swing profit liability provisions of Section 16 of the Exchange Act.
- 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.

- Sapphire Ventures and the Affiliated General Partners determine the value of securities held by the Funds, whether or not a public market exists for such securities. A potential conflict of interest therefore exists because Sapphire Ventures' management fees, performance-based compensation, and performance results are based on valuations of investments held by the Funds. Such valuation determinations are made in good faith and in accordance with procedures for appropriate valuation of portfolio investments. There can be no assurance that the value of unrealized investments will not decline or that the value determined by Sapphire Ventures or the Affiliated General Partners will represent the value that will be realized by the Funds on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.
- Sapphire 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.
- Investors 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. From time to time, a Fund may distribute assets in kind to its investors. Such assets may be difficult or impossible for such investors to sell.
- As set forth in the Funds' limited partnership agreements (as amended), to the extent that members of the Affiliated General Partner(s) may be required or advised to make estimated tax payments to reflect their respective estimated shares of each Fund's net income and gain for each fiscal year, the Funds may make one or more distributions to the Affiliated General Partner, amounts necessary to enable members of the Affiliated General Partner to make such estimated tax payments. To the extent that aggregate amount of such distributions applicable to any fiscal year exceed the aggregate distributions otherwise required to be made to the Affiliated General Partner pursuant to the limited partnership agreement, the Affiliated General Partner will return such excess as soon as practicable after the amount of such excess can be determined with certainty, as determined by the Affiliated General Partner in its reasonable judgment.
- Sapphire 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, and the Funds are not registered investment companies under the Investment Company Act. If a regulatory authority deems that any of these registrations is required, Sapphire Ventures and any Fund could be subject to expensive legal action and potential termination. In addition, investors do not have certain regulatory protections that they would have if these registrations were in place.
- Sapphire Ventures' and the Affiliated General Partners' activities could cause adverse tax consequences to the Funds and the limited partners, including interest and penalties.
- If a Fund becomes insolvent, limited partners may be required to return with interest any distributions and forfeit any undistributed profits.

No guarantee or representation is made that the Funds' investment program will be successful. The above is only a brief summary of the potential risk factors a limited partner may encounter. Please contact Anthony Matusich at 650-849-3958 with any questions.

ITEM 9 – DISCIPLINARY INFORMATION

Sapphire Ventures is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of Sapphire Ventures or the integrity of Sapphire Ventures' management. Sapphire Ventures has no legal or disciplinary information to disclose at this time.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described above in Item 4, the Affiliated General Partners are related persons of Sapphire Ventures that serve as general partners to the Funds and in connection therewith maintain investments in such Funds and provide investment management, investment advisory, and administrative services to the Funds. While the Affiliated General Partners maintain ultimate discretionary investment authority, Sapphire Ventures has been delegated the role of investment adviser for the Funds. Each of the Affiliated General Partners is a related person of Sapphire Ventures and has delegated Sapphire Ventures the role of investment adviser to provide economic and investment analysis and day-to-day management and administrative services to the Funds. 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, and to Sapphire Ventures' compliance policies and procedures.

As described elsewhere in this Brochure, the Funds generally seek to make significant investments in Portfolio Companies. The Funds generally seek control or substantial minority positions in Portfolio Companies, with board representation and customary shareholder rights. As such, certain of Sapphire Ventures' management persons or employees may have management roles with Portfolio Companies, including serving as director, observer, or advisory board member (or in a similar capacity) to the Portfolio Companies and Portfolio Funds in which the Funds invest. Such service can create potential conflicts of interest. For example, potential conflicts could result when, among other things, employees learn material non-public information (which may limit the ability of the Funds to dispose of certain securities at certain times) or when an employee's duties to Portfolio Companies are in conflict with those of Funds or other Portfolio Company investors.

Sapphire Ventures addresses these potential conflicts by monitoring employees who serve as directors, observers, or advisors to Portfolio Companies or Portfolio Funds. All such employees are subject to Sapphire Ventures' Code of Ethics (as described in Item 11 below), which requires employees to place the interests of the Funds over their own interests or those of Sapphire Ventures and includes detailed procedures designed to avoid any improper use of material non-public information. To the extent required by the applicable Funds' organizational documents, any conflicts of interest arising as a result of the above relationships are addressed through consultation with the applicable Funds' advisory boards.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

Sapphire Ventures' Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to Sapphire Ventures' "Access Persons." Access Persons include, generally, any partner, officer or director of Sapphire Ventures and any employee or other supervised person of Sapphire Ventures who, in relation to the Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Sapphire Ventures' employees are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account Sapphire Ventures' status as a fiduciary and requires Access Persons to place the interests of Funds above their own interests and the interests of Sapphire Ventures. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Sapphire Ventures' Chief Compliance Officer (the "Chief Compliance Officer"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. For example, Sapphire Ventures' Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Funds. Investors or prospective investors may obtain a copy of the Code by contacting the Chief Compliance Officer at 650-849-3958 or anthony@sapphireventures.com.

B. Conflicts of Interest

As explained in Item 10.C above, Sapphire Ventures, together with the Affiliated General Partners, serves as investment adviser to the Funds. The Affiliated General Partners recommend interests in the Funds to prospective investors.

The fact that Sapphire Ventures' principals have an interest in the Affiliated General Partners creates a potential conflict in that it could cause Sapphire Ventures to make different investment decisions than if such parties did not have such financial ownership interests. Such potential conflicts are discussed in Item 6 and addressed by the personal securities transaction pre-clearance and reporting requirements described in Items 11.A and 11.C.

Sapphire Ventures seeks to address these potential conflicts through regular monitoring of the Funds' portfolios for consistency with the Funds' objectives, strategies, and target capacity. Further, Sapphire Ventures carefully considers the risks involved in any investments. The Code requires Access Persons to place the interests of the Funds over their own or those of Sapphire Ventures, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

Further, Sapphire Ventures receives a management fee which is payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Sapphire Ventures to raise or otherwise increase assets under management to a higher level than would be the case if Sapphire Ventures was receiving a lower or no management fee. As noted in Item 6,

performance-based fees may create an incentive for Sapphire Ventures or its affiliates to make investments that are riskier or more speculative than in the absence of such performance-based fees.

Because Sapphire Ventures and the Affiliated General Partners manage more than one Fund, there may be conflicts of interest over its time devoted to managing any one Fund and allocating investment opportunities among the Funds managed. For example, the Affiliated General Partners select investments for each Fund based solely on investment considerations for that Fund. Different Funds have differing investment strategies. Sapphire Ventures attempts to resolve all such conflicts in a manner that is generally fair to all of the Funds. Sapphire 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 Sapphire Ventures' policy, to the extent practicable, to allocate investment opportunities to the Funds fairly and equitably over time. One or more Funds could on rare occasions co-invest in a Portfolio Company with each other. Those Funds generally invest in appropriate securities until the end of their investment periods. After the investment periods end, those Funds stop making new investments. The conflicts associated with any such potential co-investment practices are discussed in item 6 above.

C. Restrictions on Access Person Trading

Under Sapphire Ventures' Code of Ethics, Sapphire Ventures and its officers, managers, members and employees may personally invest in, Portfolio Companies, Portfolio Funds and/or in securities of the same classes as purchased for the Funds and may own securities of issuers whose securities that are subsequently purchased for the Funds. This practice creates a conflict of interest in that any of such persons could 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. Sapphire Ventures and its directors, officers, managers, members and employees also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which Sapphire Ventures does not believe appropriate to buy or sell for the Funds. Sapphire Ventures manages this conflict by requiring all employees to pre-clear transactions in limited offerings. Pursuant to the Code, the Chief Compliance Officer may deny any such pre-clearance request if the transaction is deemed to be (in the discretion of the Chief Compliance Officer) in conflict with the Funds.

Sapphire Ventures seeks to manage the potential conflicts of interest inherent in Access Person personal trading by enforcement of its Code, which contains pre-clearance and reporting guidelines for Access Persons.

Sapphire Ventures requires that Access Persons' transactions in certain "reportable securities" (as defined in Section 202(a)(18) of the Advisers Act) be pre-cleared with the Chief Compliance Officer.

Further details are available in the Code which is available to investors upon request.

As a general matter, Access Persons are prohibited from trading in the securities of issuers that are included on Sapphire Ventures' restricted list (or any other public securities to which the material non-public information relates) for either a Personal Account or for any Fund (the "Restricted List"). The Restricted List will be available to all Access Persons and should be reviewed prior to submitting a pre-clearance request.

In addition, Sapphire Ventures receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or his designee also reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

ITEM 12 – BROKERAGE PRACTICES

A. Factors in Selection or Recommendation of Brokers

As described in Item 4.B., above, Sapphire Ventures, together with the Affiliated General Partners, is the investment adviser to private investment funds. Due to the nature of the Funds' investment programs, which focus on making investments in private securities, Sapphire Ventures and its affiliates do not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. However, situations may arise in which Sapphire Ventures may need to effect transactions through a broker-dealer. In such circumstances, Sapphire Ventures or the Affiliated General Partners are authorized to determine, without obtaining prior consent from the relevant Fund or the underlying investors: (1) the securities or other instruments to buy or sell; (2) the amount of securities or other instruments to buy or sell; (3) the broker or dealer to be used for any transaction; and (4) the commission rates paid to the broker or dealer for transactions.

In making its decisions regarding the allocation of brokerage transactions for each Fund, Sapphire Ventures or the Affiliated General Partners will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers.

To the limited extent any Fund transacts in public securities, Sapphire Ventures and the Affiliated General Partners intend to select brokers based upon the broker's ability to provide the best execution for the applicable Fund at a competitive rate.

Although Sapphire Ventures generally seeks competitive commission rates, transactions will not necessarily be executed at the lowest possible commission rate. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Sapphire Ventures does not participate in any "soft dollar" arrangements outside of receiving research available to other institutional investors. Sapphire Ventures does not separately compensate any broker-dealers for research and does not believe that it "pays-up" for such services.

B. Aggregation Policies

As discussed above, due to the nature of the Funds' activities, aggregation of purchase and sale orders does not generally apply to the Funds. There may be rare cases where the Funds invest in the same security. If the Funds invest in the same securities, any costs associated with such aggregated transactions will generally be allocated to each Fund pro rata based on the value of each Fund's investment.

ITEM 13 – REVIEW OF ACCOUNTS

Sapphire Ventures and the Affiliated General Partners generally review the Funds' portfolios on a quarterly basis and review varying aspects of the Funds' portfolios on a continuous basis. Those reviews generally take into account the portfolios of Portfolio Funds, the management of managers of Portfolio Funds and Portfolio Companies, cash management, the prospects of individual Portfolio Companies and Portfolio Funds, industry outlook, new products and services of existing Portfolio Companies and market outlook.

Generally, each Fund investor receives unaudited, estimated quarterly performance reports and quarterly account statements. In addition, each Fund investor receives annual audited financial statements. In addition, each Fund will furnish its investors with annual tax information for the preparation of its tax returns.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Sapphire Ventures does not directly or indirectly compensate any person who is not a supervised person for referring prospective investors in the Funds. To the extent, Sapphire Ventures decides to engage a third party to provide such services in the future, such referral activities will be conducted in a manner that is consistent with applicable SEC rules and regulations, including No-Action Letters and other relevant guidance.

ITEM 15 – CUSTODY

Pursuant to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), Sapphire Ventures is deemed to have custody of the Funds’ assets since affiliates of Sapphire Ventures serve as the general partners of the Funds.

Sapphire Ventures anticipates that many of its investments in private companies will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. Accordingly, Sapphire Ventures generally will be exempt from the requirement that securities be maintained with a “qualified custodian.”

To the extent that Sapphire Ventures’ investments in private companies involve securities that are certificated or otherwise do not meet the requirements of the private securities exemption described above, Sapphire Ventures will maintain such securities with a “qualified custodian” as defined in the Custody Rule (i.e. a bank or broker-dealer) that is unaffiliated with Sapphire Ventures. In the instances where Sapphire Ventures maintains securities with a qualified custodian, Sapphire Ventures presently utilizes Morgan Stanley Smith Barney, LLC, located in Menlo Park, CA.

To ensure compliance with the Custody Rule, the Funds are subject to an annual audit by an independent public accountant registered with the Public Company Accounting Oversight Board (“PCAOB”). The audited financial statements of each Fund are distributed to investors within 120 days of each Fund’s fiscal year end (180 days in the case of a fund of funds). Investors should carefully review the audited financial statements provided by the Funds’ auditors and should compare these statements to any account information provided by Sapphire Ventures.

ITEM 16 – INVESTMENT DISCRETION

In accordance with the terms and conditions of the applicable limited partnership agreements and subject to the direction and control of the Affiliated General Partner of each Fund, Sapphire Ventures has discretionary authority to manage the investment activities on behalf of the Funds. Investors do not have the ability to impose limitations on such discretionary authority. However, as noted above, the Funds' organizational documents do contain certain investment guidelines. Further, investors do, in certain instances, have the ability to limit certain new investments pursuant to the detailed terms of the applicable Funds' organizational documents. Investors must execute subscription agreements in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, the limited partnership agreement entered into by investors in each Fund contains a power of attorney.

ITEM 17 – VOTING CLIENT SECURITIES

Pursuant to Advisers Act Rule 206(4)-6, registered investment advisers that exercise voting authority with respect to client securities are required to have proxy voting policies and procedures. The Funds generally do not trade in individual publicly traded securities; as such the Funds typically do not vote traditional proxies. All such proxies tend to be related to changes being implemented at underlying funds invested in by the Funds or related to Portfolio Companies held by the Funds. To the extent the Funds do vote proxies, Sapphire Ventures and the Affiliated General Partners understand and appreciate the importance of proxy voting. Where Sapphire Ventures or the Affiliated General Partners have discretion to vote the proxies of Funds, such votes will occur in the best interests of the applicable Funds and in accordance with set compliance procedures. A summary of Sapphire Ventures' procedure is provided below.

In exercising its voting discretion, Sapphire Ventures and its employees will avoid any direct or indirect conflict of interest raised by such voting decision. A number of Sapphire Ventures' investment professionals serve as board members for certain Portfolio Companies in which the Funds have invested. In situations where Sapphire Ventures votes the proxy for a company in which a member of Sapphire Ventures serves on the board of directors, Sapphire Ventures has determined that such voting and board service do not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Investors' investment and to ensure that the Funds' interests are protected. Nevertheless, prior to voting any proxies on behalf of any Fund, Sapphire Ventures' Chief Compliance Officer will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not. If no material conflict is identified pursuant to its set procedures, the Chief Compliance Officer will make a decision on how to vote the proxy in question based upon input received from Sapphire Ventures' investment professionals. The Chief Compliance Officer will ensure delivery of the proxy, in accordance with instructions related to such proxy, in a timely and appropriate manner.

If you would like detailed information of how any proxies were actually voted or a copy of Sapphire Ventures' proxy voting policies and procedures, please contact the Chief Compliance Officer at 650-849-3958 or anthony@sapphireventures.com. Sapphire Ventures will provide such information to investors or prospective investors upon request.

ITEM 18 – FINANCIAL INFORMATION

Sapphire Ventures and its affiliates do not require or solicit prepayment of fees six months or more in advance. Sapphire Ventures has not been the subject of a bankruptcy petition and is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Funds or investors.