

Item 1. Cover Page

**Brochure of
Artis Ventures Management, L.P.**

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This brochure provides information about the qualifications and business practices of Artis Ventures Management, L.P. ("**Artis**"). If you have any questions about the contents of this brochure, please contact us at 415-344-6200 or info@artisventures.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.

Additional information about Artis also is available on the SEC's website at www.adviserinfo.sec.gov.

Although Artis is a "registered investment adviser," that registration does not imply a certain level of skill or training.

Item 2. Material Changes

No material changes.

Item 3. Table of Contents

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Item 4. Advisory Business

Artis Capital Management, L.P. (“ACM”) was formed in 2001 and provided investment advice to private investment funds. ACM initially provided investment advice to funds that invested in publicly traded securities.

In 2008, ACM began forming funds that focused principally on pursuing venture capital and other private company opportunities. In 2013, ACM’s President, Stuart L. Peterson, decided to bifurcate ACM’s advisory business and form an advisory firm dedicated primarily to venture capital and other private company investing. In 2016, ACM liquidated the remaining positions in each fund it advised.

Artis provides investment advice to funds that are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”) and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”) (collectively, the “**Venture Funds**”). Following its registration with the SEC, Artis assumed management of the investment advisory contracts for the venture-focused funds formed by ACM. Artis expects to principally pursue venture capital opportunities for the Venture Funds, although it may additionally pursue other investment strategies. The investment strategies for the Venture Funds and certain feeder and alternative investment vehicles are described below in Item 8.

The existing Venture Funds that Artis assumed management of from ACM have generally ceased making new investments (except in some cases follow on investments in companies currently in such funds’ portfolios). These existing Venture Funds are closed to new investment, and Artis intends to liquidate the positions when it believes it is appropriate. Artis has organized and serves as investment adviser to, and in the future may organize and serve as investment adviser to, new Venture Funds formed or to be formed to invest primarily, but not solely, in venture capital equity and equity-related securities (each such fund, also a “**Venture Fund**”).

Artis may also organize and serve as investment adviser or general partner (or in an analogous capacity) to (i) certain other “feeder” vehicles (each such vehicle, a “**Feeder Vehicle**”) organized to invest exclusively in a Venture Fund and/or (ii) alternative investment vehicles (each, an “**Alternative Investment Vehicle**”) organized to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions. Additionally, Artis may, from time to time, establish, on a transaction-by-transaction basis, certain investment vehicles through which certain persons may invest alongside one or more Venture Funds in a particular investment opportunity (each such vehicle, a “**Co-Investment Vehicle**”). Co-Investment Vehicles are typically limited to investments in securities relating to the particular transaction for which they were organized.

Artis provides investment advice to each Venture Fund in accordance with such Venture Fund’s limited partnership agreement, or separate investment advisory, investment management or portfolio management agreement (each, an “**Advisory Agreement**”).

Artis invests the assets of the Venture Funds primarily, but not solely, in venture capital equity and equity-related securities issued principally by information and emerging technology companies (including within the healthcare sector), but, subject to certain limited restrictions, is

authorized to enter into any type of investment transaction that it deems appropriate in accordance with the terms of the applicable Venture Fund's Advisory Agreement. Investment restrictions for each Venture Fund, if any, are generally described in the organizational or offering documents of the Venture Fund. Artis' investment advice is generally provided directly to the Venture Funds (subject to the direction and control of the general partner), and not individually to the investors in the Venture Funds.

Artis' advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Venture Funds, managing and monitoring the performance of such investments and disposing of such investments. Artis may serve as the investment adviser or general partner to the Venture Funds in order to provide such services. If Artis does not serve as general partner, Artis' affiliated entities typically serve as the general partners of the Venture Funds.

Artis' principal indirect owner is Stuart L. Peterson. As of December 31, 2015, Artis had total discretionary assets under management of approximately \$446,390,366 (including uncalled capital commitments). Artis only manages assets on a discretionary basis.

Item 5. Fees and Compensation

For various reasons, some of the Venture Funds are not charged a management fee or a performance fee by Artis (for example, to accommodate investments by employees and their family members). Artis charges the balance of the Venture Funds:

(a) a management fee with respect to each investor of up to 2.0% per annum of the net asset value of that investor's investment (including uncalled capital), which amount is payable in monthly or quarterly installments at the beginning of each calendar month or quarter based on the net asset value on the date the fee accrues and becomes payable; and

(b) a performance-based preferential distribution of up to 20% of all distributions of the proceeds of liquidated portfolio investments (after limited partners have been distributed at least an amount equal to the cost basis of the liquidated investments in accordance with their contributed capital), although Artis does not receive a preferential distribution with respect to certain Venture Funds.

The precise amount of, and the manner and calculation of, the management fees and preferential distributions, if any, for each Venture Fund are established by Artis, as modified by negotiations with investors in the applicable Venture Fund, and are set forth in such Venture Fund's investment management agreement, organizational documents and/or other documentation received by each investor prior to investment in such Venture Fund. The management fees and preferential distributions are generally subject to waiver or reduction by Artis in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ from one Venture Fund to another, as well as among investors in the same Venture Fund.

Preferential distributions, if any, are based on a Venture Fund's performance and may create an incentive for Artis to make more risky and speculative investments than it would otherwise make.

Artis typically deducts management fees, preferential distributions and other fees directly from each Venture Fund in consultation with the relevant Venture Fund's administrator.

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

Artis' relationship with each Venture Fund is generally terminable on expiration of the Venture Fund's term, dissolution of the Venture Fund or on Artis' withdrawal as general partner or investment adviser. Investors generally may not withdraw from a Venture Fund until the Venture Fund liquidates its underlying investments, but in some cases, an investor may be permitted to withdraw in certain limited circumstances.

Expenses, the pro-rata portion of any management fee and the performance-based preferential distribution through the date of termination are generally charged to the applicable Venture Fund. Generally, all prepaid but unearned management fees are refunded to the Venture Fund on termination of the Venture Fund's investment advisory relationship with Artis. An investor who is permitted to withdraw from a Venture Fund does not receive a refund of any management fee previously paid.

Each Venture Fund is responsible for its own costs and expenses, including portfolio company acquisition and disposition costs and expenses, ongoing legal, accounting and bookkeeping fees and expenses, and the fees and expenses charged by any Venture Fund administrator for its accounting, bookkeeping and other services. Artis generally bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. All or part of these costs and expenses may be paid, however, by securities brokerage firms, if any, that execute the Venture Funds' securities trades, as discussed in Item 12 below.

Item 6. Performance-Based Preferential Distributions and Side-By-Side Management

Artis currently manages Venture Funds that pay performance-based preferential distributions and Venture Funds that do not pay any preferential distributions as described in Item 5. The differences in the amount of performance-based preferential distributions that various Venture Funds pay may create an incentive for Artis to disproportionately allocate time, services or functions to Venture Funds paying a higher rate, or disproportionately allocate investment opportunities to such Venture Funds. Please see Item 11 below for a discussion of these potential conflicts and the ways in which Artis seeks to address them.

Item 7. Types of Clients

Artis provides investment advice and management to the Venture Funds. Investment advice is provided directly to the Venture Funds (subject to the direction and control of the general partner) and not individually to investors in such Venture Funds.

Interests in the Venture Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Venture Funds may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities. Investors in the Venture Funds are required to commit to a minimum capital commitment, but Artis may waive this requirement.

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

Venture Funds Investment Strategies

The Venture Funds invest primarily in venture capital investments of information and emerging technology companies (including within the healthcare sector). Artis' venture capital investment process is driven by company-specific opportunities rather than macro themes and trends. Artis' investment professionals and research analysts focus on finding prospective investments by evaluating a company's market opportunity, offered product or service, intellectual property ownership, management team, and financial health among other quantitative and qualitative characteristics. Mitigating downside risk and preserving capital are both important considerations during the evaluation of a potential investment as well.

Investment Process

The salient characteristic of Artis' opportunistic investment process is independent, fundamental research combined with active risk management. Artis' research methodology focuses primarily on traditional bottom-up investment selection (with an emphasis on a company's market position, current and long term trends, balance sheet strength, cash flow generation and leverage), supplemented, to a limited extent, with top-down analysis.

General Disclosure

The investment strategies summarized above represent Artis' current intentions, are general in nature and are not exhaustive. Generally, there are no limits on the types of securities in which Artis may take positions on behalf of the Venture Funds, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use, except that each Venture Fund's organizational or offering documents may place restrictions on certain types of investments. Depending on Artis' assessment of conditions and trends in securities markets and the economy generally, and subject to any restrictions in the Venture Funds' organizational or offering documents, Artis may pursue any objectives or use any techniques that it considers appropriate and in the Venture Funds' interests. There can be no guarantee that Artis will achieve the Venture Funds' investment objectives.

Risk Factors

Investing in securities involves a substantial degree of risk. A Venture Fund may lose all or a substantial portion of its investments, and investors in the Venture Funds must be prepared to bear the risk of a complete loss of their investments. Artis cannot assure investors that it will be able to successfully select, make and realize investments in any particular portfolio company, and there is no assurance that Artis will generate returns or generate returns that will be commensurate with the risk of the types of venture capital investing in which it expects to engage.

Below are brief summaries of certain material risks relating to the investment strategies and methods of analysis that Artis and the Venture Funds use and the types of securities that the Venture Funds purchase. Potential investors in a Venture Fund should, however, review such Venture Fund's offering circular carefully and in its entirety, including the risk summaries contained therein, before deciding whether to invest in that Venture Fund. Particular risks relating to the Venture Funds may include, but are not limited to, the following:

- Artis will compete with other entities to acquire investments. Such competition may result in less favorable investment terms than would otherwise be the case. Artis may be unable to find a sufficient number of attractive opportunities to meet its investment objectives or to deploy the full amount of capital committed to the applicable Venture Funds.
- Privately held technology and technology related companies may be in their developmental stage of operations, have little or no revenues and may not be profitable. Privately held late-stage companies are often also more reliant on a few critical founding individuals and other key personnel. The loss of the services of one or more of these personnel may adversely affect the outcomes of a portfolio company.
- Each Venture Fund's success will depend on Artis' ability to identify and invest in suitable private companies. The loss of the services of one or more personnel at Artis may adversely affect these factors.
- Some private companies may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. The technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital.
- If a Venture Fund does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the value of the Venture Fund's original investment. A Venture Fund's capital may not be adequate to protect that Venture Fund from dilution in multiple rounds of portfolio company financing. Further, there is no guarantee that a Venture Fund will invest, even if it has sufficient liquidity. Any decision not to make follow on investments may adversely affect a portfolio company or may result in dilution of a Venture Fund's position.

- The marketability and value of a Venture Fund's investments in private companies will depend on many factors beyond Artis' control. There will be no readily available market for a Venture Fund's private investments. The public market for technology intensive and other emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of a Venture Fund to dispose of investments, and the value of investment securities on the date of sale or distribution by a Venture Fund.
- A Venture 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.
- A Venture Fund may be required to make representations about the business and financial affairs of a portfolio company in connection with its disposition and may be required to indemnify the purchasers of such investment. These arrangements may result in contingent liabilities, which might ultimately have to be funded by that Venture Fund.
- Venture capital investments are frequently highly illiquid and may require a significant period of time until a liquidity event (such as an initial public offering, merger or sale). Such investments are often in securities that are restricted and cannot be resold or transferred without significant limitations. There can be no assurance that a portfolio company will be able to consummate a liquidity event at a proper time or favorable valuation.
- Investors in the Venture Funds generally are not permitted to withdraw capital from the Venture Funds for certain periods of time disclosed in the each Venture Fund's operating documents, and as a result will have extremely limited liquidity.
- The Venture Funds will only make distributions in limited circumstances, and distributions may not be made before a Venture Fund's liquidation, or at all. As a result, there will likely be no near-term cash flow available to investors in the Venture Funds.
- Investors in the active Venture Funds will be required to make additional capital contributions to a Venture Fund at the discretion of the Venture Fund's general partner. Accordingly, such investors will be required to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash. An investor who fails to make a capital contribution to a Venture Fund when required to do so will be subject to significant penalties, including forfeiture of part of that investor's prior investment in the Venture Fund and other legal remedies.
- A Venture Fund may not achieve its investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect a Venture Fund's investments.

- Venture Funds will likely be concentrated in technology-sector companies, many of which may have micro- to small-sized market capitalizations and are unseasoned companies. Those securities involve substantially higher risks than do investments in securities of non-technology sector and larger, more seasoned companies.
- Venture Funds will generally invest in restricted securities that are subject to long holding periods or that are not traded in public markets, or otherwise will generally invest in securities that are, or become, illiquid. These securities may be difficult or impossible to sell at prices comparable to the market prices of similar more liquid securities, and may never become liquid.
- Artis may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. Artis also may receive material, non-public information that prevents it from trading securities of a company for a Venture Fund when the Venture Fund could make a profit or avoid losses.
- While Artis generally does not use leverage, it may do so from time to time, which increases volatility and risk of loss. As a result of leverage, some Venture Funds' portfolio companies and other investments may be more susceptible to economic downturns, operating issues and other general business and economic risks.
- In connection with portfolio companies that become publically traded, and in other limited circumstances, Artis may sell covered and uncovered options on securities and may engage in synthetic transactions. Artis may also sell securities short. The sale of uncovered options and selling securities short could result in unlimited losses.
- Counterparties such as custodians and administrators with which Artis does business on behalf of Venture Funds may default on their obligations. For example, a Venture Fund may lose its assets on deposit with a custodian if the custodian becomes bankrupt.
- Artis may cause Venture Funds to invest in securities issued by non-U.S. companies. The risks of these investments include: political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation, uncertainty in certain regulated industries and other negative consequences to investors such as the Venture Funds.
- Artis may acquire for a Venture Fund a large position in a private company's securities, but the Venture Fund nevertheless may have limited ability to influence the

company's management. In addition, if Artis holds a large position in an issuer's securities, it could depress any market for those securities.

- A Venture Fund's investments typically will not be diversified. Therefore, a loss in any one position, industry, sector or region in which a Venture Fund has invested may cause significant losses.
- Artis generally determines the value of securities held in Venture Fund accounts, whether or not a public market exists for such instruments. If Artis' valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in a Venture Fund, if permitted under the Venture Fund's documents, might receive an interest that is worth more or less than the investor paid and an investor that is permitted to withdraw assets might receive more or less than the amount to which the investor is entitled.
- Artis and its affiliates and agents generally are not responsible to a Venture Fund for that Venture Fund's losses unless the conduct meets an exception to the specific limitation of liability provisions in the applicable agreements that govern Artis' or its affiliates' relationship with that Venture Fund.
- There is not and will not be an active market for Venture Fund interests. It will often be impossible to transfer any such interests.
- If the assets that Artis and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Artis to find attractive investments as the amount of assets that it must invest increases.
- Artis and its affiliates may spend time on activities that compete with a Venture Fund, including investing for other Venture Funds and their own accounts. If Artis receives better compensation and other benefits from managing certain Venture Funds compared to managing another Venture Fund, it has incentive to allocate more time to those other activities. These factors could influence Artis not to allocate, or to allocate less of, an investment to a Venture Fund even if such investments would benefit the Venture Fund.
- Artis may provide some investors in the Venture Funds more frequent or detailed reports, special compensation arrangements, co-investment rights or other rights and privileges that it does not provide to other investors.
- Artis' performance-based preferential distributions may create an incentive for Artis to make investments that are riskier or more speculative than it would make if it did not receive such compensation.
- A Venture Fund generally may dissolve or expel any investor at any time, even if such actions adversely affect the Venture Fund or certain investors.

- Artis, an administrator or any government agency may freeze or take other actions regarding assets that any of them believes a Venture Fund may hold in violation of certain anti-money laundering laws or rules. None of Artis, a Venture Fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- Artis 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 Venture Funds are not registered under the Securities Act of 1933, and the Venture Funds are not registered investment companies under the Investment Company Act of 1940. If a regulatory authority deems that any of these registrations is required, Artis and the applicable Venture Funds could be subject to legal or other actions that may make the continued management of the Venture Funds impossible, prohibitively expensive and/or difficult. In addition, investors in the Venture Funds do not have certain regulatory protections that they would have if these registrations were in place.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative or other securities, which may increase the time and resources that Artis must devote to regulatory compliance, to the detriment of investment activities.
- An employee of ACM was charged with criminal and civil violations related to alleged insider trading by such employee. While these charges do not allege wrongdoing by Artis, ACM or their other employees, the investigations are ongoing, and certain key individuals at Artis may be required to devote significant attention and resources to these matters that could otherwise be devoted to investment activities on behalf of the Venture Funds. Additional charges may also be filed in connection with the alleged insider trading by such employee, requiring additional attention and resources to be devoted to these matters, and which, if sufficiently time consuming may require Artis to limit or cease investment activities.
- Artis' investment activities could cause adverse tax consequences to Venture Funds and investors, including liability for interest and penalties.
- If a Venture Fund were to become subject to the Employee Retirement Income Security Act of 1974 ("**ERISA**") and a transaction in which the Venture Fund engages were to constitute (or be alleged to constitute) a prohibited transaction under ERISA, the Venture Fund and its investors could be adversely affected.
- If a Venture Fund becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.

The above is only a brief summary of some of the important risks that a Venture Fund or investor may encounter. Before deciding to invest in a Venture Fund, you should consider carefully all of the risk factors and other information in the Venture Fund's offering circular.

Item 9. Disciplinary Information

Not applicable, as Artis has no reportable material legal or disciplinary events. See Item 8 above, however, regarding charges against an employee of ACM.

Item 10. Other Financial Industry Activities and Affiliation

As noted in the Items above, Artis is the investment adviser to the Venture Funds. Artis or one of its affiliates is the general partner of each Venture Fund as disclosed in Item 4.

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

Artis has adopted a Code of Ethics that establishes standards of conduct for Artis' personnel. The Code of Ethics includes general requirements that Artis' personnel comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, employee conduct and insider trading.

Subject to certain restrictions in the Code of Ethics, personnel of Artis and their families and households may purchase certain investments for their own accounts, including the same investments as may be purchased or sold for a Venture Fund. Under the Code of Ethics, Artis personnel are also required to file certain periodic reports with Artis' Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps Artis detect and prevent potential conflicts of interest and certain regulatory issues.

Artis' personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Artis' personnel are required to certify periodically their compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any Venture Fund or to any other client or prospective client of Artis, by contacting Artis' Chief Compliance Officer at (415) 344-6200.

Participation or Interest in Client Transactions

Artis and certain employees and affiliates of Artis may, as applicable, invest in the Venture Funds, alongside the Venture Funds as direct or indirect investors in various investments in which one or more Venture Funds invest or otherwise. Artis or its affiliates, as applicable, may reduce all or a portion of the management fees and performance-based preferential distributions related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

Artis and its affiliates engage in a broad range of activities, including investing for their own account and for the account of the Venture Funds, and providing transaction-related, investment

advisory, management and other services to Venture Funds and portfolio companies. Artis' and its affiliates' interests may conflict with the interests of the Venture Funds. Certain of these conflicts of interest, as well as a description of how Artis addresses such conflicts of interest, can be found below.

Resolution of Conflicts

In the case of all conflicts of interest, Artis' determination as to which factors are relevant, and the resolution of such conflicts, will be made using Artis' best judgment, but in its absolute discretion. In resolving conflicts, Artis may consider various factors, including the interests of the applicable Venture Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. If Artis has more than one Venture Fund that could potentially co-invest with other Venture Funds, Artis typically allocates appropriate investment opportunities among those Venture Funds in proportion to their committed capital, subject to such exceptions as Artis determines are appropriate.

Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Venture Fund will not make an investment unless Artis believes that it is an appropriate investment considered solely from the viewpoint of such Venture Fund;
- Certain conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Venture Funds; and
- Certain Venture Funds have established an advisory committee, consisting of representatives of investors not affiliated with Artis. The advisory committees meet as required to consult with Artis, and consent, as to certain potential conflicts of interest.

Conflicts

The material conflicts of interest that a Venture Fund may encounter include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Venture Fund may face. Other conflicts may be disclosed throughout this brochure, and this brochure (along with the relevant Venture Funds' offering circulars) should be read in its entirety for other conflicts.

Generally

As a result of Artis managing more than one Venture Fund, there may be conflicts of interest over its time devoted to managing any one Venture Fund and allocating investment opportunities among all Venture Funds that it manages. Artis typically manages only one Venture Fund that invests broadly in many venture capital opportunities at one time. Such Venture Funds invest in appropriate securities until the end of their investment periods, at which time those Venture Funds generally stop making investments in new portfolio companies. Artis then expects to

typically form a new Venture Fund to pursue that investment strategy. While Artis typically will only actively invest on behalf of one such Venture Fund at a time, Artis may form other Venture Funds for limited opportunities and Artis may manage other Venture Funds that deploy capital for follow on investments. As a result, there may be conflicts over investment opportunities.

Allocation of Investment Opportunities

In connection with its investment activities, Artis may encounter situations in which it must determine how to allocate investment opportunities among the Venture Funds and other persons, which may include, but are not limited to, the following:

- The Venture Funds, as well as vehicles organized as parallel investment entities and formed to invest side-by-side with one or more of the Venture Funds (either in all transactions entered into by such Venture Fund(s) or in a limited subset of such investments) and/or to facilitate investments by certain foreign or tax-exempt persons or business associates and other “friends and family” of Artis or its personnel;
- Any Alternative Investment Vehicles formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions; and
- Any Co-Investment Vehicles formed to invest side-by-side with one or more Venture Funds in particular transactions entered into by such Venture Fund(s) (the investors in such Co-Investment Vehicles may include individuals and entities that are also investors in one or more Venture Funds (“**Current Investors**”) and/or individuals and entities that are not investors in any Venture Funds (“**Third Parties**”)).

In recognition of its fiduciary duties, it is Artis’ policy to treat the Venture Funds fairly and equitably in allocating investment opportunities and transactions more generally. Artis has adopted written policies and procedures relating to allocating investment opportunities.

A Venture Fund may be subject to investment allocation requirements (collectively, “**Investment Allocation Requirements**”) set forth in the instrument under which the Venture Fund was established (such as a Venture Fund’s limited partnership agreement), or in side letters. To the extent a Venture Fund’s Investment Allocation Requirements do not include specific allocation procedures and/or allow Artis discretion in making allocation decisions among the Venture Funds, Artis will generally follow the process set forth below. Please refer to a relevant Venture Fund’s offering circular as well as that Venture Fund’s governing documents for a description of relevant Investment Allocation Requirements for that Venture Fund, if any.

Artis must first determine which Venture Fund will participate in an investment opportunity. Artis assesses whether an investment opportunity is appropriate for a particular Venture Fund, based on the Venture Fund’s investment objectives, strategies and structure and available capital. A Venture Fund’s investment objectives, strategies and structure typically are reflected in the Venture Fund’s offering circular and organizational documents. Prior to allocating an investment to a Venture Fund, Artis determines whether additional factors may restrict or limit the allocation of the investment to that Venture Fund. Possible restrictions may include, but are not limited to:

- **Legal Obligation:** Artis may be required to allocate an investment to one or more Venture Funds pursuant to its offering documents and/or operating agreement.
- **Related Investments:** Artis may (but is not required to) allocate an investment related to an investment previously made by a Venture Fund(s) to such Venture Fund(s) to the exclusion of, or resulting in a limited allocation to, other Venture Funds.
- **Legal, Regulatory and Other Exclusions:** Artis may determine that certain Venture Funds or investors in such Venture Funds should be excluded from an allocation due to specific legal, regulatory, tax and contractual restrictions placed on the participation of such persons in certain types of investments.

Artis will seek to allocate investments among the Venture Funds in a fair and equitable manner. Further, Artis will not allocate investments based, in whole or in part, on (a) the relative fee structure or amount of fees paid by any Venture Fund, (b) the then-current profitability of any Venture Fund or (c) any person's interest in offering or participating in co-investment opportunities outside of any Venture Fund.

Artis' exercise of its discretion in allocating investment opportunities among the persons and in the manner discussed above or in accordance with the Investment Allocation Requirements may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While Artis will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Venture Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Artis may be subject, discussed herein, did not exist.

The appropriate allocation between Venture Funds of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Artis and its affiliates in their good faith discretion.

In exercising its discretion to allocate investment opportunities and fees and expenses, Artis may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Venture Funds with differing fee, expense and compensation structures, Artis may have an incentive to allocate investment opportunities to the Venture Funds from which Artis or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, Artis' personnel and their affiliates invest in Venture Funds and therefore participate indirectly in those Venture Funds' investments. Their interests will vary Venture Fund by Venture Fund, which creates conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Venture Fund.

Conflicts Related to Purchases and Sales

Conflicts may arise when several Venture Funds make investments together, or in a transaction where another Venture Fund has already made an investment. Investment opportunities may be appropriate for Venture Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where different Venture Funds may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Venture Funds that have invested in different securities within the same portfolio company. Investments by more than one Venture Fund in a company may also raise the risk of using assets of some Venture Funds to support positions taken by other Venture Funds. Artis' employees and related persons and its affiliates have made or may make capital investments in certain portfolio companies or in or alongside certain Venture Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that a Venture Fund's return in a particular transaction would be equal to and not less than another Venture Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. Artis has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Venture Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents and related documents relating to the Venture Funds may contain additional restrictions on the ability of the Venture Funds or Artis to engage in principal transactions. Often such agreements permit the appointment of a committee of investors to consider and consent on behalf of the applicable Venture Fund to any proposed principal transaction.

Cross-Transactions

In certain cases, Artis may cause a Venture Fund to purchase investments from another Venture Fund, or it may cause a Venture Fund to sell investments to another Venture Fund. Such transactions create conflicts of interest because, by not offering such buy and sell transactions to the open market, a Venture Fund may not receive the best price otherwise possible.

Additionally, in connection with such transactions, Artis, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Venture Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through personal participations in the investment). Artis and its affiliates may receive management or other fees in connection with their management of the relevant Venture Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Venture Funds through performance-based fees or allocations. To address these conflicts of interest, in connection with effecting such transactions, Artis will follow any Investment Allocation Requirements. To the extent such matters are not addressed in the organizational documents, Artis' Chief Compliance Officer, in consultation with Artis' portfolio managers, will be responsible for confirming that Artis (i) considers its respective duties to each Venture Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, (iii) obtains any required approvals of the transaction's terms and conditions and (iv) complies with applicable regulatory requirements.

Management of the Venture Funds

Artis' personnel typically are responsible for managing several Venture Funds (including Venture Funds that may be formed in the future). As a result, Artis' personnel will face conflicts in allocating time, services or functions between the various Venture Funds. For example, the focus and devotion of employees and officers towards investing on behalf of the Venture Funds may be diluted as a result of working with multiple Venture Funds. The employees and officers of Artis will devote only such portion of their time to the affairs of each Venture Fund as they consider appropriate in their respective judgment.

Follow-on Investments

Follow-on investments in portfolio companies may present conflicts of interest, including the terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Venture Fund in a portfolio company in which another Venture Fund has previously invested. In addition, a Venture Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Venture Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Other Conflicts Relating to Artis and its Affiliates

Artis, its personnel and their affiliates may buy or sell securities or other instruments that Artis also has recommended to a Venture Fund, and may buy securities in transactions that Artis considered, but rejected, as Venture Fund investments. Any such transactions are subject to the policies and procedures set forth in Artis' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Venture Funds. If Artis, its personnel, or their affiliates have made large capital investments in or

alongside the Venture Funds, they may have conflicting interests with respect to these investments.

Performance-Based Preferential Distributions

As a result of the differences in the amount of performance-based preferential distributions that various Venture Funds pay, there is an incentive for Artis to disproportionately allocate time, services or functions to Venture Funds paying at a higher rate, or disproportionately allocate investment opportunities to such Venture Funds. Artis attempts to resolve those issues by following its policies as described in “Allocation of Investment Opportunities” above.

Diverse Membership

The investors in the Venture Funds include U.S. taxable and tax-exempt individuals and entities, as well as various non-U.S. investors. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Venture Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Venture Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions that Artis makes, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for a Venture Fund, Artis and its affiliates will consider the investment and tax objectives of the applicable Venture Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Business with Portfolio Companies and Investors

Officers and other employees of Artis may serve as directors, advisers or consultants to certain portfolio companies. Such officers or employees may have fiduciary obligations both to the portfolio company and to the Venture Funds, which may result in potential conflicts of interests. Artis may also have a conflict of interest to the extent that it has an incentive to invest a Venture Fund’s assets in portfolio companies that compensate Artis or its officers or other employees.

As a result of the nature of venture capital, there are situations in which Artis is in the position of recommending certain portfolio company or third party service providers to other portfolio companies. With respect to portfolio company service providers, Artis may have a conflict of interest in making such recommendations, as the same Venture Funds may not be invested in each portfolio company, and Artis has an inherent interest to encourage the use of existing portfolio companies’ products and services even if those products and services may not be the best available to the portfolio company.

Artis may also recommend third-party service providers, including for example, investment bankers and prime brokers, who may be investors in Venture Funds, who provide services to businesses that compete with Artis or who otherwise have a relationship with Artis or its personnel. Artis may have a conflict of interest with the Venture Funds (a) in recommending the

retention or continuing recommending the retention of a service provider to the Venture Funds if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Venture Funds or will provide Artis information about markets and industries in which Artis operates or will provide other services that benefit Artis or its personnel. There is a possibility that Artis, 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.

Artis and its affiliates may from time to time use the services of investors in the Venture Funds and their affiliates on an arm's length basis, as they deem appropriate. Artis has an incentive to favor such services even if a better price or quality of service could be obtained from another person.

Side Letter Agreements

Artis may provide some investors in the Venture Funds more frequent or detailed reports, special compensation arrangements, withdrawal, transfer or redemption rights, co-investment rights or other rights and privileges that it does not provide to other investors.

Item 12. Brokerage Practices

In transactions for the Venture Funds, brokers are typically not used and commissions are not ordinary paid. Artis may, however, on occasion use in connection with private transactions, and may direct a Venture Fund to invest in public securities that requires the use of, a broker in accordance with the following policies.

Selecting Brokers and Dealers. Artis has complete discretion in selecting the broker that it uses for each Venture Fund's transactions and the commission rates that the Venture Funds pay such brokers. In selecting a broker for any transaction or series of transactions, Artis may consider a number of factors, including, for example:

- reputation, financial strength and stability;
- responsiveness to Artis' requests and inquires;
- custody, recordkeeping and similar services;
- referral of prospective investors;
- special execution capabilities;
- willingness to execute related or unrelated difficult transactions in the future; and
- offering to Artis on-line access to computerized data regarding clients' accounts.

Although Artis expects to use brokers rarely, if brokers are used, Artis may purchase from a broker or allow a broker to pay for the following (each a "**soft dollar**" relationship):

- research services;
- economic and market information;
- portfolio strategy advice;
- industry and company comments; and

- technical data.

Artis may receive soft dollar credits based on principal, as well as agency, securities transactions with brokers or direct a broker that executes transactions to share some of its commissions with a broker that provides soft dollar benefits to Artis.

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

Artis has retained Merrill Lynch Private Securities and Venture Capital Services ("**Merrill**") to serve as the custodian and prime broker for its Venture Funds. Artis maintains cash balances for certain of its Venture Funds with Silicon Valley Bank ("**SVB**"). Artis may replace Merrill, SVB or any other custodian or appoint additional prime brokers and custodians at any time. The services that these firms currently provide may include custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage agreement or custodial agreement entered into between a fund and a custodian. Merrill's address is 600 California Street, 15th Floor, San Francisco, California, 94111. SVB's address is 3000 San Hill Road, 3-150, Menlo Park, California, 94025.

Custodians have custody of most of the funds' assets and may provide Artis with some other services. These services may include: technology services (such as internet access, IT support, wireless networking, e-mail archiving and disaster recovery systems), capital introduction services, portfolio reporting and access to electronic communications networks. The arrangements may be deemed to be soft dollar arrangements. Some of these services may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers and custodians provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Artis did not receive these services from the custodians, it would be required to pay for all or some portion of them. As a result, Artis has an incentive to select or recommend a broker based on Artis' interest in receiving soft dollar services rather than the Venture Funds' interest in receiving the most favorable execution, particularly to the extent that Artis uses soft dollars to pay expenses it would otherwise be required to pay itself. Artis addresses these conflicts of interest by regularly evaluating the trade execution services it receives from the brokers it uses to execute trades for the Venture Funds, including comparing those services to the services available from other brokers to determine if Artis is achieving best execution in the Venture Funds' transactions. Matters that are evaluated may include, among others, the quality of execution services, the desirability of continuing with various soft dollar services and the desirability of adding or removing brokers and increasing or decreasing targets for each broker (based on Artis'

assessment of the value that each broker adds to the Venture Funds) and the appropriate level of commission rates.

Artis is not required to direct a particular number of trades to a custodian or to continue to use it as a fund's prime broker and custodian, but it has an incentive to do so based on the custodian's prior and continued services.

A Venture Fund's obligations to its custodian are secured by a first priority perfected security interest over all of the fund's assets held in custody by that custodian. A custodian may transfer to itself all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes.

Referrals. Artis may direct a certain amount of brokerage to a broker in return for its referral of prospective investors in the Venture Funds. Directing brokerage in exchange for investor referrals creates a conflict of interest in that Artis has an incentive to refer the Venture Funds' brokerage business to brokers to which it might not otherwise direct transactions.

No Directed Brokerage. Artis does not permit its Venture Funds or investors to direct Artis to use specific brokers.

Item 13. Review of Accounts

Stuart L. Peterson, Artis' President and Michael Harden manage and review the portfolios of the Venture Funds. Asset allocation, cash management, market prospects and individual issue prospects are considered. Particular attention is given to changes in company earnings, industry outlook, market outlook and price levels.

Investors in the Venture Funds typically receive, among other things, a copy of audited financial statements of the relevant Venture Fund. Artis may from time to time, in its sole discretion, provide additional information relating to a Venture Fund to one or more investors in such Venture Fund as it deems appropriate.

Item 14. Client Referrals and Other Compensation

Artis pays cash or a portion of the management fees it receives with respect to investors in its Venture Funds that were referred to Artis by a firm with whom Artis previously had an investor servicing agreement.

Item 15. Custody

The custodians of certain Venture Funds send account statements at least quarterly to the investors in such Venture Funds. Each such investor should carefully review those statements and compare them with the statements that such client receives directly from Artis, if any.

Item 16. Investment

Discretion

Artis has discretionary authority to manage each Venture Fund pursuant to a grant of authority in that Venture Fund's limited partnership agreement and/or Advisory Agreement. Investment restrictions for each Venture Fund, if any, are generally in the Venture Fund's offering circular or governing documents.

Item 17. Voting Client Securities

Artis decides whether to vote proxies on behalf of each account over which Artis has proxy voting authority after considering whether the proposal will have a material effect on the account's investment strategy. This analysis may lead Artis to not vote proxies. In determining whether a proposal serves an Venture Fund's best interests, Artis considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company.

When Artis deems appropriate, in its absolute discretion, Artis may retain one or more proxy voting firms to provide research, recommendations and voting services on proxy voting issues. Generally, Artis instructs such firms to make voting decisions on behalf of each Venture Fund based on the considerations described in the proxy voting guidelines that such firms periodically provide to Artis. Artis may override such firm's voting decisions if Artis deems it in the Venture Funds' best interests. If Artis does not affirmatively override a voting proxy firm's recommended voting decision, the voting proxy firm will vote in accordance with its recommendation.

If a material conflict of interest over proxy voting arises between Artis and a client, Artis will vote all proxies in accordance with the policy described above. If Artis determines that this policy does not adequately address the conflict of interest, Artis will notify the client of the conflict and request that the client consent to Artis' intended response to the proxy solicitation. If the client consents to Artis' intended response or fails to respond to the notice within a reasonable time specified in the notice, Artis will vote the proxy as described in the notice. If the client objects in writing to Artis' intended response, Artis will vote the proxy as the client directs.

An investor in a Venture Fund can obtain a copy of Artis' proxy voting policy and a record of votes cast by Artis on behalf of the relevant Venture Fund by contacting Artis' Chief Compliance Officer at 988 Market Street, San Francisco, California 94102, (415) 344-6200.

Item 18. Financial Information

Not Applicable.

Item 19. Requirements For State-Registered Advisers

Not Applicable.

Privacy Policy

Artis and the Venture Funds:

- collect non-public personal information about their clients and investors from the following sources:
 - information received from clients or investors in subscription agreements or other forms, and
 - information about clients' or investors' transactions with Artis, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted or required by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

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