

**Item 1 – Cover Page**

**Firm Brochure**  
(Part 2A of Form ADV)

**Battery Management Corp.**  
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**Battery Ventures Israel, Ltd. (*relying adviser*)**  
**BMC UK Subadvisor Support Ltd. (*relying adviser*)**

**[www.battery.com](http://www.battery.com)**

This Brochure provides information about the qualifications and business practices of Battery Management Corp. (“Battery Management Corp.” and, together with Battery Ventures Israel, Ltd., BMC UK Subadvisor Support Ltd., and other affiliates, “Battery Ventures”). If you have any questions about the contents of this Brochure, please contact us at 617-948-3600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Battery Management Corp. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply any level of skill or training.

April 2020

## **Item 2 – Material Changes**

This Brochure serves as an update to Battery Management Corp.’s brochure dated March 2020 (the “Prior Brochure”). This Brochure contains updates to Item 4 of the Prior Brochure. Battery Management Corp. has updated its regulatory assets under management as of December 31, 2019.

### **Item 3 -Table of Contents**

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 -Table of Contents .....	iii
Item 4 – Advisory Business.....	5
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-By-Side Management.....	7
Item 7 – Types of Clients .....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information .....	19
Item 10 – Other Financial Industry Activities and Affiliations.....	19
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	19
Item 12 – Brokerage Practices.....	21
Item 13 – Review of Accounts .....	21
Item 14 – Client Referrals and Other Compensation .....	22
Item 15 – Custody.....	22
Item 16 – Investment Discretion .....	22
Item 17 – Voting Client Securities .....	22
Item 18 – Financial Information.....	23
Item 19 – Requirements for State-Registered Advisers .....	23

#### **Item 4 – Advisory Business**

Battery Ventures is a venture capital and private equity firm that invests principally in the technology markets. Operating from offices in Boston, Massachusetts, Menlo Park, California, San Francisco, California, New York, New York, London, UK and Herzliya, Israel, Battery Ventures provides investment management services to pooled investment vehicles (the “BV Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended (the “1933 Act”).

Battery Ventures has been in business since 1983. Battery Management Corp., which is 100% owned by Battery Management Company, LLC (“Battery Management LLC”), a Delaware limited liability company, was incorporated in March 1999. No one owns 25% or more of Battery Management LLC.

Battery Management Corp. provides investment advisory services to the BV Funds with respect to the acquisition, management and disposition of primarily private-company securities across a range of sectors in the technology industry pursuant to an Advisory Agreement among Battery Management Corp., Battery Management LLC, the BV Funds and the general partner entities of all BV Funds (the “GP Entities,” each a “GP Entity”). The investment advice that Battery Management Corp. provides to each BV Fund is subject to the overall direction and control of such BV Fund’s GP Entity.

Battery Ventures Israel, Ltd. is a relying adviser and affiliate of Battery Management Corp. and aids in identifying prospective portfolio companies primarily for investment primarily in Israel and the surrounding region. Battery Ventures Israel, Ltd. is a wholly-owned subsidiary of Battery Management LLC.

BMC UK Subadvisor Support Ltd. is a relying adviser and affiliate of Battery Management Corp. and aids in identifying prospective portfolio companies for investment primarily in the UK and Europe. BMC UK Subadvisor Support Ltd. is a wholly-owned subsidiary of Battery Management LLC and is registered with the Financial Conduct Authority (“FCA”) in the United Kingdom.

Each BV Fund has specific investment guidelines and restrictions as set forth in the BV Fund’s operating and/or offering documents. Investors in the BV Funds do not have the ability to impose specific investment objectives or additional restrictions on the BV Funds.

As of December 31, 2019, Battery Management Corp. had approximately \$6,727,451,982 in regulatory assets under management, all of which are managed on a discretionary basis by Battery Management Corp. or its relying advisers.

#### **Item 5 – Fees and Compensation**

Except as described below, Battery Management LLC receives an annual management fee from each BV Fund, payable quarterly in advance, pursuant to a Management Agreement with each BV

Fund and the GP Entity of such BV Fund. In most instances, the fee is based on a percentage of committed capital that varies over the life of the Fund. For certain Funds, the fee is based on a percentage of invested capital. Battery Management LLC pays a portion of the management fee to Battery Management Corp. for its services to the BV Funds.

The management fee payable to Battery Management LLC may be reduced or off-set to the extent Battery Management LLC or its affiliates receive director's fees, consulting fees, monitoring fees, acquisition fees, disposition fees or other remuneration from a BV Fund's portfolio company for services provided to such portfolio company. None of the BV Funds charge monitoring fees to their portfolio companies.

As described below in Item 6, the GP Entity of each BV Fund also typically receives a performance-based profit allocation from the BV Fund. Management fees and profit allocations are automatically paid or allocated directly by the BV Funds under the terms of their operating documents.

The amount of the management fee and profit allocation for each BV Fund is set forth in the operating documents for such BV Fund and generally is not negotiable.

In addition to management fees and performance-based allocations, the BV Funds may also pay for expenses relating to the BV Funds' formation, investment activities and ongoing operations. The operating documents for each BV Fund include details on the expenses that such BV Fund will bear. For example, each BV Fund will bear fees and expenses incurred in connection with the annual audit of such BV Fund (including license and maintenance costs of valuation software); fees associated with the preparation of such BV Fund's tax returns, including filing fees and other related expenses, and any taxes payable by such BV Fund; brokerage fees associated with transactions involving publicly traded securities held by such BV Fund; legal, audit and other expenses incurred in connection with such BV Fund's publicly traded securities (e.g., Section 16 filing, Section 13 filing); costs and expenses incurred in connection with managed distribution of securities; premiums associated with insurance for the BV Fund (including but not limited to a General Partner Liability Insurance Policy ("GPLIP")) against claims made against such BV Fund, the GP Entities, the managing members of the GP Entities and/or any other party providing services to such BV Fund; fees associated with obtaining and/or maintaining bank and custodial accounts and line of credit facilities for such BV Fund; costs incurred for third-party marketing/public relations services to the extent such services are rendered for the benefit of specific portfolio companies of such BV Fund; all legal, accounting, filing and other fees and expenses of any kind paid or incurred in connection with such BV Fund's compliance with any state, local, federal or foreign regulatory requirements; third-party fees and expenses of legal, financial, tax, specific company research and other advisors and consultants incurred in connection with any proposed investment by such BV Fund, whether resulting in an investment by the BV Fund or not; expenses incurred in connection with informational meetings with limited partners, including but not limited to the annual meeting; organizational costs, fees and expenses incurred in connection with the formation, restructuring or organization of such BV Funds, the GP Entities and any alternative investment vehicle of such BV Fund (if any), subject to a cap established in each respective limited partnership agreement; and

liquidation costs, fees, and expenses in connection with the liquidation of such BV Fund's assets.

Battery Management Corp. bears all normal expenses incurred in connection with the management of the BV Funds, except expenses borne directly by the BV Funds, as detailed above. For example, Battery Management Corp. bears all employee expenses, including their salaries, benefits, wages, and travel as well as legal fees for human resources matters; fees paid to consultants who take part in our Executive-In-Residence and Entrepreneurs-in-Residence programs; rent expenses for office space used by Battery Management Corp. and its personnel as well as other real estate related expenses (broker fees, build out, remodeling, furnishing, equipment, utilities, machine leases, etc.); costs associated with bookkeeping services and any other fee or expense incurred in managing the BV Funds; costs associated with information technology infrastructure required in connection with the management of the BV Funds, including computers, equipment, and software and services purchases and rental; membership dues of Battery Management Corp. and its personnel for professional and trade associations and subscriptions for professional publications; costs incurred for third-party general research services and third-party marketing/public relations services to the extent such services are not specifically identified and/or attributable to a prospective or current investment by a BV Fund; costs associated with foreign subsidiary audits and professional fees for foreign subsidiary tax advice; fees associated with the preparation of Battery Management Corp.'s tax returns, including filing fees and other related expenses, and any taxes applicable to the particular BV Fund; legal and other professional advisor fees and expenses incurred as a result or in connection with Battery Management Corp.'s status as a Registered Investment Advisor; a portion of the GPLIP policy premium; and expenses incurred for marketing, design and public relations in connection with branding, promotion, marketing events and sponsorships related to Battery Management Corp. and the BV Funds, Battery Ventures website development and maintenance, and any other related expense of Battery Management Corp.

Where expenses are attributable to multiple BV Funds, or the BV Funds and Battery Management Corp, Battery Ventures will seek to allocate such common expenses in a good faith, equitable manner. Factors considered include relative BV Fund capital commitments, the relative amounts invested by the BV Funds in a portfolio company, remaining investments in a BV Fund, etc. Furthermore, if expenses attributable to a BV Fund are advanced by Battery Management Corp. or its affiliates, such BV Fund would reimburse the payor.

The BV Funds set up for investment primarily by current and former employees of Battery Ventures (the "BIP Funds") are not charged management fees or profit allocations.

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

Except as described below, the GP Entity of each BV Fund typically receives a performance-based profit allocation from the BV Fund, customarily referred to as a "carried interest". The carried interest is generally a percentage of the net profits generated by the BV Fund and the percentage allocated to the GP Entity varies among the BV Funds.

The BIP Funds are not charged a carried interest.

Performance-based fee arrangements may create an incentive for Battery Ventures to favor certain BV Funds over other BV Funds in the allocation of investment opportunities. However, Battery Ventures has procedures designed to allocate investment opportunities among the BV Funds in a fair and equitable manner and to prevent this potential conflict of interest from influencing the allocation of investment opportunities among the BV Funds. For instance, each investment opportunity is reviewed on a case-by-case basis and allocated to a BV Fund by considering various factors, including the size of the investment opportunity (including projected follow-on investments), the amount of available capital to such BV Fund, the nature and stage of the investment, BV Fund portfolio construction matters, and any investment restrictions outlined in a BV Fund's operating agreement.

### **Item 7 – Types of Clients**

Battery Management Corp. provides investment advisory services to private investment funds, generally organized as limited partnerships. An affiliate of Battery Management Corp. serves as the GP Entity with respect to such BV Funds and has ultimate investment discretion. Investors in the BV Funds typically include public pension plans, corporate pension plans, university endowments, foundations, insurance companies, sovereign wealth funds, fund-of-funds, banks, family offices, other institutional investors and high-net worth individuals.

Battery Ventures sets a target for total capital commitments with respect to each BV Fund. Additionally, the GP Entity of each BV Fund typically sets a minimum capital contribution amount for investors.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss Method of Analysis and Investment Strategy**

Battery Ventures is a global, technology-focused firm that primarily employs five key investment strategies in managing the BV Funds; (i) technology industry focus and expertise, (ii) proactive deal generation, (iii) stage diversification, (iv) active investment approach and deal leadership, and (v) value-oriented investment bias. These five strategies are applied to investing in technology and technology-related markets.

Battery Ventures takes a research-driven approach to investing and places a heavy emphasis on developing deep market knowledge in the industries in which it invests. It works to become a market expert in select, high potential technology areas. Internally, Battery Ventures organizes itself into a series of market-based sub-groups that are focused on these industries and meet regularly to discuss current industry trends, issues and opportunities.

The performance of an individual investment staff member is based in part, on the volume and quality of new investment opportunities he or she has generated. This information is tracked and reviewed periodically in the market-based sub groups. Numerous deal generation methods are utilized ranging from cold calling and networking with entrepreneurs and technologists, to mapping key players in major market trends and using Executive-In-Residence and Entrepreneurs-in-

Residence (“EIRs”) programs to network with other talented entrepreneurs in key technology markets. Some EIRs also work as consultants and are compensated on a retainer basis by Battery Management Corp. They are made available for the benefit of Battery Ventures’ portfolio companies to provide additional business insights in such areas as online marketing, product development, sales organization creation, and international expansion. Use of EIRs by portfolio companies is voluntary and, in some cases, the EIR and portfolio company may negotiate a separate compensation arrangement depending on the nature and extent of the services to be provided. Access to talented specialists in certain mission critical business components is often a differentiator in the selection of a financing partner by a portfolio company prospect.

The BV Funds invest in opportunities across the stage spectrum, from seed and early stage opportunities to growth and buyout investments. This allows the BV Funds to capture opportunities in both emerging and mature markets and provides an attractive resource to management teams looking for insights on growth or the latest disruptive market trends.

Battery Ventures will often seek to place a person on the boards of the portfolio companies in which the BV Funds invest and frequently plays a material role in helping the portfolio companies develop market strategies and business plans. Additionally, Battery Ventures has marketing personnel, recruiters and business development resources on staff to assist portfolio companies in raising and managing their public profiles, building their management teams and scaling their businesses by making connections to partners and customers.

Battery Ventures applies a thorough due diligence process to each potential investment. The risk and reward potential of each investment is analyzed to determine the true value represented by the opportunity and whether an investment is warranted. Each investment has a senior investment team member who acts as that investment’s sponsor, and at least one junior investment staff member. The senior investment team member ultimately has final investment discretion with respect to the investment. A separate investment committee (an “Investment Committee”) is formed for each potential non-seed investment at the time at which a preliminary financing term sheet is issued and significant due diligence begins. The Investment Committee for a potential investment is generally comprised of two (2) or three (3) senior investment team members and it assists the deal team in considering the issues, risks and unique circumstances associated with the applicable deal, and provides a recommendation with respect to making the investment or not. The Investment Committee typically meets several times before a final investment decision is made. Seed investments, which represent non-material investment opportunities, are subject to a modified due diligence process and are vetted within the relevant market-based sub-group by a senior investment team sponsor. After the market-based sub-group review, the investment team sponsor can move forward with the seed investment, if warranted. Once a seed investment is expected to require material follow-on investment support, a separate investment committee is formed, and a full due diligence process is conducted on the seed company before any follow-on investment is made.

Each quarter, Battery Ventures reviews its portfolio of investments. The deal team sponsor for each portfolio company presents an update on the portfolio company in front of several other BV

investment team members, Battery Ventures' Chief Financial Officer, Chief Compliance Officer, and multiple General Partners. Current portfolio company issues, market trends, financing needs and exit opportunities are reviewed with the group to assist the deal team sponsor in optimizing the return potential for each portfolio company investment.

Follow-on investments in existing portfolio companies usually require a re-convening of the investment committee that was involved with evaluating the original investment in the company. The investment committee will help the deal team review the performance of the portfolio company to determine whether an additional investment is warranted. In certain instances, more investment staff members are enlisted to provide additional due diligence work and a fresh perspective on the portfolio company before a final follow-on investment decision is made.

The disposition of an interest in a portfolio company via a sale or public offering is subject to the review of a standing exit committee consisting of at least two senior investment team members. The deal team sponsor, the Chief Compliance Officer and the Chief Financial Officer also participate in the process, as needed. The exit committee reviews the proposed liquidity transaction and possible alternatives to optimize returns.

#### Material Risks

An investment in a BV Fund involves a high degree of risk and is suitable only for investors of substantial means who have no immediate need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. Below is a summary of the material risks of the investment strategies employed by the BV Funds. For a description of the risks relating to a particular BV Fund please refer to the offering memorandum for such BV Fund.

#### Reliance on the GP Entities

Investors will not have a right or power to participate in the management of the BV Funds. Accordingly, no investor should purchase any interests in a BV Fund unless it is willing to entrust all aspects of management of the BV Fund to the respective GP Entity. Investors will not receive detailed financial information issued by portfolio companies in which the BV Funds invest which will be available to the BV Funds.

#### Competition for Investments

The BV Funds will compete with other entities for the acquisition of investments. Such competition may come from groups such as institutional investors, investment managers, industrial groups, and merchant banks which have greater resources than the BV Funds and are owned by large and well-capitalized investors. There will be intense competition for investments of the type in which the BV Funds intend to invest, and such competition may result in less favorable investment terms than would otherwise be the case. The BV Funds may be unable to find enough attractive opportunities to meet their investment objectives. There can, therefore, be no assurance that investments of a BV Fund will meet all the investment objectives of the BV Fund, or that the BV Fund will be able to invest all of its available capital. Additionally, the management fees payable by many BV Funds

are based on the aggregate capital commitments of such BV Funds without regard to the amount of capital invested.

#### *Unspecified Investments*

The capital commitments received from the investors are invested into a blind pool. Generally, a BV Fund does not identify the investments it will make prior to launch. Accordingly, an investor in the BV Funds must rely upon the ability of the GP Entities in making investments consistent with the BV Funds' investment objectives and policies. An investor will not have the opportunity to individually evaluate the relevant economic, financial and other information that will be utilized by the GP Entities in their selection of investments or otherwise approve of such investments.

#### *No Assurance of Investment Return*

The BV Funds' task of identifying opportunities in private operating companies, managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage, and realize such investments successfully. There is no assurance that the BV Funds will be able to invest their capital on attractive terms or generate returns for their investors. There is no assurance that the BV Funds' investments will be profitable and there is a risk that the BV Funds' losses and expenses will exceed their income and gains. As such, there is no assurance of any distribution to the investors prior to, or upon, liquidation of the BV Funds.

#### *Long-term and Illiquid Investment within the BV Funds*

An investment in the BV Funds is a long-term commitment. Interests in the BV Funds are highly illiquid and have no public market value. In addition, only a limited secondary market for the interests exists. Furthermore, the sale or transfer of interests is subject to approval of the applicable GP Entity and other restrictions contained in the respective BV Fund's limited partnership agreement. Consequently, investors may not be able to liquidate an investment in the event of an emergency or for any other reason. An investment in the BV Funds is suitable only for persons and entities which have no need for liquidity with respect to their investment.

#### *Difficulty in Valuing Portfolio Company Investments*

The BV Funds' investment portfolios consist primarily of high-risk investments in privately-held companies, and most of the BV Funds' investments will be difficult to value. There is no readily available market for most of the BV Funds' investments. Valuations of such investments as determined by Battery Ventures and its affiliates may vary from similar valuations performed by other investors or independent third parties for the same or similar types of securities or assets, and there can be no assurance that the valuations of such securities reflect true fair market value. A general decline in valuations for technology and technology-related companies would likely impact the ability of BV Funds to ultimately realize returns commensurate with reported valuations and would reduce the investment results of such funds. The value of the BV Funds' investments may also be affected by changes in accounting standards, policies, or practices. Due to a wide variety

of market factors and the nature of the investments to be held by the BV Funds, there is no guarantee that the reported value determined by Battery Ventures and its affiliates will represent the value that will be realized by the BV Funds on the eventual disposition of the investments or that would, in fact, be realized upon an immediate disposition of the investments.

#### Early Stage Investments

Along with growth and buyout investments, certain BV Funds may invest in privately-held, early stage technology companies. These companies typically have minimal or no revenues and are usually not profitable. They 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. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Typically, although the BV Funds may be represented on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with Battery Ventures). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

#### Bridge Financings

From time to time, the BV Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity. Such bridge loans would typically be convertible into or be repaid by the issuance of a more permanent, long-term security; however, for various reasons, such securities may not be issued, and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the BV Funds.

#### Risks in Affecting Operating Improvements

In some cases, the success of the BV Funds' investment strategies will depend, in part, on the ability of the BV Funds to restructure and affect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the BV Funds will be able to successfully identify and implement such restructuring programs and improvements.

#### Lack of Diversification

The BV Funds are not subject to any diversification requirements and may invest in a limited number of companies, sectors, or geographies. To the extent a BV Fund concentrates its investments in a particular company, sector, or geography, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that

particular company, or geography. Consequently, the aggregate return of the BV Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, or geographies in which the BV Fund has invested. In certain cases, the BV Funds may acquire majority or 100% interests in portfolio companies, which could further increase the vulnerability of each BV Fund's respective portfolio.

#### Availability of Investment Capital

Portfolio company investments may require several rounds of capital infusions before the portfolio company reaches maturity. If a venture capital investor 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 face value of the venture investor's original investment. Although it is each BV Fund's policy to maintain sufficient liquidity to allow it to participate in follow-on rounds of financings, the BV Funds do not intend to provide all necessary follow-on financing. Accordingly, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms acceptable or favorable to each BV Fund. Furthermore, although each BV Fund will endeavor to establish adequate reserves, each BV Fund's capital is limited and may not be adequate to protect such BV Fund from dilution in multiple rounds of portfolio company financings.

#### Lack of Liquidity within Investment Portfolio

Each Fund's investment portfolio will primarily consist of investments in private companies. The marketability and value of each such investment will depend upon many factors beyond the applicable GP Entity's control. Generally, the investments made by the BV Funds will be illiquid and difficult to value, and there may be little or no collateral to protect an investment once made. At the time of each BV Fund's investment, a portfolio company may lack one or more key attributes (e.g., proven technology, marketable product, complete management team, or strategic alliances) necessary for success. There may be no readily available market for the BV Funds' investments, many of which will be difficult to value, and the disposal of a portfolio investment by the BV Funds may be prohibited or delayed many years from the date of initial investment for legal and/or regulatory reasons. The public market for technology and other emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the BV Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the BV Funds.

#### Risks of Certain Disposition

In connection with the disposition of an investment in a portfolio company or otherwise, the BV Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate, and under certain circumstances described in the limited partnership agreement, the GP Entities may make distributions of cash or securities to the investors that remain subject to recall

for the payment (in whole or in part) of such contingent liabilities. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the BV Funds.

### *Distributions-In-Kind*

Certain investments may be distributed in kind to the partners of the BV Funds and any such distribution could put downward pressure on the price of the issuer's securities. In the case of publicly traded securities, the GP Entities and their members could potentially dispose of their portion of the distributed securities prior to the BV Funds' limited partners and prior to the full impact of any downward pressure on the price of the securities (due to the order in which any broker selected by the GP Entities in connection with the distribution randomly executes sell orders placed by recipients of the distribution or certain other factors). In addition, such in-kind distribution could consist of securities for which there is no readily available public market which may cause the BV Funds' partners to incur costs and delays in converting such assets to cash.

### *Limited Control*

The BV Funds will often hold minority positions in portfolio companies with proportional board representation (and/or hold positions in portfolio companies where disproportionate voting control (relative to economic ownership) remains with such portfolio companies' founders) and, therefore, will have a limited ability to control various strategic decisions for those portfolio companies. While as a condition to an investment in a portfolio company, certain rights generally will be sought to protect each BV Fund's interests to the extent possible, these rights, when available, are generally in the nature of a veto versus the right to cause desired outcomes. As a result, BV Funds generally will not be able to cause such portfolio companies to take actions which such BV Funds believe would maximize the value of their investment or refrain from taking actions which such BV Funds believe will impair the value of their investments. In addition, where the BV Funds hold a minority position in a portfolio company, the BV Funds may also have limited information rights with respect to such portfolio company and thus will receive less information regarding such portfolio company than some or all of the other equity holders.

### *Controlling Investments*

The BV Funds may own a significant portion of the securities of their portfolio companies, including ownership positions which may represent a majority of a portfolio company's voting securities. These investments may entitle the BV Funds to elect substantially all of a portfolio company's directors and exert significant influence over a portfolio company's business, operations, affairs and transactions. These capabilities could lead the BV Funds to be viewed as controlling a portfolio company or being considered a controlling stockholder. As a result, the BV Funds may be exposed to claims, lawsuits or investigations by minority stockholders, creditors, government or regulatory authorities or other persons. In the event any such claims were successful, the BV Funds may be held liable for any damages that are awarded or be required to fund any settlement with such parties. Even if such claims, lawsuits or investigations prove to be without merit, the BV Funds may be required to expend significant resources defending themselves and

their affiliates. In addition, the BV Funds' reputations and goodwill may be harmed if they are considered a controlling stockholder of a portfolio company that is subject to negative publicity.

### Controlled Groups

Under the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), members of certain "controlled groups" of "trades or businesses" may be jointly and severally liable for contributions required under any member's tax-qualified defined benefit pension plan and under certain other benefit plans. Further, if any member's tax-qualified defined benefit pension plan were to terminate, underfunding at termination would be the joint and several responsibilities of all controlled group members, including members whose employees did not participate in the terminated plan. Similarly, joint and several liability may be imposed for certain pension plan related obligations in connection with the complete or partial withdrawal by an employer from a multiemployer pension plan. Depending on a number of factors, including the level of ownership held by the BV Funds in a particular portfolio company, the BV Funds may be considered a member of one or more portfolio company's "controlled group" for this purpose.

### Use of Leverage

The BV Funds may invest in portfolio companies which are significantly debt-financed by third parties. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve more risk. Because of the use of leverage, economic downturns, operating problems, and other general business and economic risks may have a more pronounced effect on a company's profitability or survivability. Moreover, rising interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt. In addition, cash flow from operations or investment that could otherwise be available to a leveraged portfolio company to fund growth may instead be diverted to repay the company's debt obligations. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the BV Funds may suffer a partial or total loss of their invested capital. A portfolio company's obligations to these lenders will likely be senior to the BV Funds' investment in the company and may also be secured by the assets of the company. The BV Funds' junior status could result in a loss of investment by the BV Funds in liquidations or sale transactions. It may also be necessary from time to time for a leveraged portfolio company to seek refinancing or restructuring of its debt financing, and there can be no assurance that any needed refinancing or restructuring may be available on terms that are acceptable or favorable to the BV Funds' investment in the portfolio company. BV Funds may also guarantee the indebtedness of some portfolio companies. Consequently, if a portfolio company's cash flow is insufficient to cover its debt obligations, the BV Funds may be called upon to fund all or a portion of a portfolio company's debt obligations to satisfy such guarantees. This would reduce the amount of capital the BV Funds would have available for other purposes and could adversely affect returns to the investors in such BV Funds. In addition, reduced availability of third-party leverage to finance acquisitions of portfolio companies could adversely affect the BV Funds' buyout strategy.

*The BV Funds May Be Restricted from Trading Public Company Securities Because of Service on the Board of Directors, Possession of Inside Information or Securities Laws Restrictions; Increased Risk of Claims*

A partner, or a manager, member, officer, employee or other representative of an affiliate of the BV Funds will typically serve as a director of each of the BV Fund's portfolio companies, including public companies. As a result, the BV Funds (through their representatives or otherwise) may receive or be deemed to receive information that would restrict their ability to cause the BV Funds to buy or sell securities of a company for substantial periods of time when profit could otherwise be realized or loss avoided, which may adversely affect the BV Funds' flexibility in buying or selling securities. In addition, the ability of the BV Funds to execute trades in securities of these public companies may also be restricted by securities laws, including but not limited to section 16 of the Securities Exchange Act of 1934, and Rule 144 promulgated under the Securities Act of 1933, as a result of the board participation or extent of ownership of the BV Funds and affiliated persons. In addition, board participation (and in particular board participation on portfolio companies with publicly traded securities) may subject the GP Entities and the BV Funds to claims they would not otherwise be subject to as an investor, including claims of breach of fiduciary duty, securities claims and other director-related claims. In general, the BV Funds will indemnify the GP Entities for such claims.

*Impact of Economic and Global Conditions*

In the event of unfavorable general economic conditions such as a recession or economic slowdown in the United States and other countries, the business, operating results, financial condition and prospects of many of the BV Funds' portfolio companies could be materially and adversely affected, as would the value of the BV Funds' investments in such companies. Additionally, a period of deteriorating general economic conditions could negatively impact a BV Fund's ability to dispose of its portfolio company investments by adversely affecting the market for acquisitions of and public offerings. Political unrest, war, pandemics, and acts of terrorism and subsequent government action as a result may contribute to unfavorable or deteriorating economic conditions and also increase the risks inherent in the BV Funds' investments.

*Non-US Investments*

Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which each BV Fund's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less government supervision and regulation; (iv) certain economic and political risks, including potential exchange control regulations and

restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, or social instability and the possibility of expropriation or confiscatory taxation; and (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities. While the GP Entity of each BV Fund intends, where deemed appropriate, to manage each BV Fund in a manner that will minimize exposure to the foregoing risks (although such GP Entity does not in the ordinary course expect to hedge currency risks), there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of each BV Fund that are held in certain countries. Even those portfolio companies that are organized or that have their principal business office in the US may be exposed to significant non-US risks due to the increasingly global nature of many technology and other emerging growth companies, which may, for example, rely upon international location or outsourcing of research, development, manufacturing or other operations; seek alliances with non-US partners; or seek non-US customers.

### Investments in Public Companies

Although the BV Funds intend to make investments primarily in privately-held portfolio companies, the BV Funds may invest a percentage of their capital commitments in public companies and privately-held portfolio companies may become publicly traded following an initial public offering or may be acquired by publicly-traded companies in transactions in which the BV Funds receive securities of such publicly-traded companies. Making and/or holding investments in public companies subjects the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding the BV Funds' investments in such companies, limitations on the ability of the BV Funds to dispose of such securities (or securities of other companies) at certain times (including due to the possession by the Funds or their representatives of material non-public

information), increased likelihood of shareholder litigation against such companies' board members, which may include Battery Ventures personnel, regulatory action by governmental bodies and increased costs associated with each of the aforementioned risks.

### Regulated Businesses

Certain companies in which the BV Funds invest may be in regulated industries. Changes in regulations applicable to such companies could have a negative impact on their business and operations. Such companies could also be subject to enforcement or other proceedings relating to their compliance or non-compliance with applicable regulations, which could adversely affect such companies and the BV Funds' investment in those companies.

### Risks Related to Digital Currencies

The BV Funds may invest in companies that develop, operate or maintain infrastructures for digital currency networks or that operate in or around the digital currency networks ("Digital Currency-related Investments"). Digital currency networks are vulnerable to hacking and malware and many

digital currency exchanges have been closed due to fraud, failure or security breaches. In such event, the BV Funds' Digital Currency-related Investments may be adversely affected. Digital currencies represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, digital currencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. A significant portion of the demand for digital currencies is generated by speculators and investors seeking to profit from the short or long-term holding of digital currencies. A lack of expansion by digital currencies into retail and commercial markets, or a contraction of such use, may result in increased volatility, which may adversely affect the BV Funds' Digital Currency-related Investments. In addition, as digital currencies have grown in popularity, certain U.S. and non-U.S. regulatory agencies have begun to examine digital currencies and the operations of their networks. To the extent that digital currencies are determined to be a security, commodity, future or other regulated asset, to the extent that a U.S. or non-U.S. government or quasi-governmental agency exerts regulatory authority over the digital currencies, or if it becomes illegal, now or in the future, to own, hold, sell or use digital currencies in one or more countries, including the United States, the BV Funds' Digital Currency-related Investments may be adversely affected.

#### Other Activities

The members of the management team and their affiliates will devote only such portion of their time to the affairs of the BV Funds as they consider appropriate in their respective judgment to manage effectively the affairs of the BV Funds. Other activities of affiliates of the GP Entities with which such personnel are associated, or with which they may become associated in the future, may require them to devote substantial amounts of their time to matters unrelated to the business of the BV Funds.

#### Cyber Security Breaches

Battery Ventures and the BV Funds' portfolio companies depend heavily upon computer systems to perform necessary business functions. Although Battery Ventures has implemented, and portfolio companies will likely implement, a variety of security measures, these computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, Battery Ventures and the BV Funds' portfolio companies may experience threats to their respective data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, such computer systems and networks, or otherwise cause interruptions or malfunctions in Battery Ventures, the BV Funds or their portfolio companies' operations, which could result in damage to Battery Ventures, the BV Funds, or their portfolio companies' reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

#### Legal, Tax and Regulatory Risks

Legal, tax, and regulatory changes could occur during the term of the BV Funds that may adversely affect the BV Funds, their portfolio companies, or the investors. The BV Funds may not be permitted to, or be able to, make adjustments in their structure or investment program in order to adapt to such changes. In certain BV Funds, the GP will have the exclusive right and authority (within limitations set forth in the respective limited partnership agreement) to determine the manner in which the BV Fund responds to such changes, and limited partners have no right to withdraw from the BV Fund or to demand specific modification to the BV Fund's operations in consequence thereof. For example, changes in laws and regulations applicable to taxation of carried interest may result in certain types of investments and/or investment returns being treated differently and accordingly may influence the GP Entities' decisions as to how to best structure the investment profiles of the BV Funds. The BV Funds may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts of a variety of countries. There can be no assurance that regulations promulgated in countries where the BV Funds' invest will not adversely affect the BV Funds or their respective portfolio investments.

#### *Risks Arising from Provision of Managerial Assistance*

The BV Funds will seek to structure their investments so that they will each be a "venture capital operating company" within the meaning of regulations promulgated under ERISA, although there is no guarantee the BV Funds will be able to do so. This requires that the BV Funds obtain rights to participate substantially in and to influence the conduct of the management of a majority of each BV Fund's portfolio companies.

The BV Funds will seek the right to designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the BV Funds to claims by a portfolio company, its security-holders, and its creditors. While the GP Entities intend to manage the BV Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

#### *Indemnification*

Each BV Fund will be required to indemnify their respective GP Entity, Battery Management LLC, their affiliates, and each of their respective members, officers, directors, employees, shareholders, partners, and certain other persons who serve at the request of the GP Entity or Battery Management LLC on behalf of each BV Fund for liabilities incurred in connection with the affairs of such BV Fund. Members of the Advisory Committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in each limited partnership agreement. Such liabilities may be material. For example, in their capacity as directors of portfolio companies, the partners, managers, or affiliates of each GP Entity may be subject to derivative or other similar claims brought by security holders of such companies. The indemnification obligation of each BV Fund would be payable from the assets of such BV Fund, including the unpaid capital commitments of the investors. If the assets of a BV Fund are insufficient, the GP Entity of each such BV Fund may recall distributions previously made to the investors, subject to certain limitations set forth in

the limited partnership agreement of each such BV Fund.

### **Item 9 – Disciplinary Information**

Not applicable.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Neither Battery Management Corp. nor any of its management persons are registered, or have an application pending to register, as a (a) broker-dealer or a registered representative of a broker-dealer, or (b) futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### *Affiliated General Partners*

The GP Entities are affiliates of Battery Management Corp. Pursuant to Advisory Agreement between Battery Management Corp., Battery Management LLC, the GP Entities and the BV Funds, Battery Management Corp. provides investment advisory services to the BV Funds.

#### *Other Advisers*

Battery Management Corp. provided capital to fund the formation and initial operation of Battery Global Advisors (“BGA”) and certain indirect owners of Battery Management Corp., collectively, continue to own a material portion of the equity interests in BGA. BGA provides investment advisory services to family office clients and to private funds. BGA currently sub-leases office space from Battery Management Corp. and has entered into a Services Agreement with Battery Management Corp. pursuant to which Battery Management Corp. provides certain technology and infrastructure support to BGA. In addition, BGA personnel interact with Battery Management Corp. personnel in a variety of contexts. Battery Management Corp. recognizes that these arrangements and interactions may create the potential for conflicts of interest between Battery Management Corp., its personnel, or its clients, on the one hand, and BGA, its personnel, or its clients, on the other hand. Accordingly, Battery Management Corp. has established certain policies and procedures to limit such conflicts of interests and to identify and resolve in the favor of its clients any actual conflicts of interest that may arise. Among other things, these policies and procedures are designed to ensure that Battery Management Corp.’s investment decisions and recommendations for clients are made independently from BGA and to control the sharing of information between Battery Management Corp. and BGA.

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

Battery Ventures has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to, among other things, restrictions on personal securities trading, pre-clearance of certain personal securities transactions and requirements for reporting of personal securities transactions and holdings. All supervised persons at Battery Ventures must acknowledge the terms

of the Code of Ethics annually, and the provisions apply to such supervised persons as well as accounts over which they have beneficial ownership (which includes accounts of certain family and household members). The Code of Ethics includes penalties for violations (such as reprimand, warning, suspension and dismissal) and requires reporting of violations. The Code of Ethics is designed to allow Battery Ventures to monitor and prevent potential conflicts of interest arising from personal securities trading activities. Battery Ventures will provide a copy of its Code of Ethics to any investor or prospective investor upon request.

Below is a summary of material conflicts that arise in connection with the participation or interest of Battery Ventures and its affiliates and personnel in client transactions, including participation through an investment in the BIP Funds and an interest arising from serving as a director or in another role with respect to the issuer of securities held by a BV Fund. For a more complete description of the potential conflicts of interest relating to a particular BV Fund please refer to the offering memorandum for such BV Fund.

Battery Ventures may on occasion engage in principal transactions subject to compliance with Section 206(3) of the Advisers Act. A principal transaction is defined as a transaction where an investment adviser sells a security to, or purchases a security from, a BV Fund while acting as principal for its own account. In this context, principal accounts may include accounts of Battery Ventures, personal accounts of supervised persons, and accounts of the BIP Funds.

Battery Ventures does not have an affiliated broker-dealer and therefore does not engage in agency cross-trading transactions. An agency cross-trading transaction is defined as a transaction where the investment adviser affects the sale or purchase of a security for a client while acting as broker for a person other than the client.

Occasionally, and under certain limited circumstances, one or more BV Funds may engage in internal cross-trading transactions. Battery Ventures does not receive any compensation in addition to its regular advisory fees and is not deemed to be a broker for purposes of Section 206(3) of the Advisers Act, in connection with any such transactions. An internal cross-trading transaction is defined as a transaction where the investment adviser affects a transaction between two or more of its funds, and may entail a conflict of interest because the adviser acts for both funds and may have an incentive to improve the performance of one fund by selling an underperforming asset to another for example, to earn fees and/or improve its performance allocation. Furthermore, certain investment-related decisions such as how to allocate new or follow-on investment opportunities between two or more funds, who should bear certain expenses and whether to permit limited partners or third parties to co-invest alongside the funds may also present potential conflicts of interests. Battery Ventures recognizes its fiduciary duties and has a policy of treating all BV Funds and other clients fairly and equitably and has adopted written policies and procedures designed to comply with its duties.

In the case of all conflicts of interest Battery Ventures determines which factors are relevant, and how to mitigate and resolve such conflicts, using its best judgment, but in its sole discretion. In

resolving conflicts, Battery Ventures may consider various factors, including the interests of the applicable BV Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing and may consult with the Advisory Committee for the applicable BV Funds.

More detailed procedures for resolving specific conflicts of interest are set forth in the offering memorandum and organizational documents of the applicable BV Fund, and certain additional conflicts are disclosed elsewhere in this brochure.

## **Item 12 – Brokerage Practices**

Battery Ventures selects brokers for the BV Funds based on several factors, including, but not limited to, the size and type of transaction, the markets for securities to be purchased or sold, execution, efficiency, settlement capability, financial condition of the broker-dealer, the quality of the broker-dealer's trade execution on a continuing basis, and the reasonableness of brokerage commissions.

Battery Ventures will attempt to achieve the best overall price for the BV Funds, however, the lowest possible commission cost is not necessarily sought as it may not result in the best quality execution of transactions for the benefit of the BV Funds.

A “soft dollar” arrangement is an arrangement whereby an investment adviser directs client brokerage, or pays higher commissions, to a particular broker-dealer in return for research or other services from such broker-dealer. Battery Ventures currently does not have any formal or informal soft dollar arrangements by which it receives research or brokerage products or services. Battery Ventures may, however, receive proprietary research and certain other limited benefits from broker-dealers as an incident of doing business with such broker-dealers, but only where (i) there is no arrangement to direct a specific amount of commission business to such broker-dealers in exchange for such items and (ii) Battery Ventures does not “pay up” for such items in the form of higher commissions on BV Fund trades.

It is Battery Ventures' policy not to enter into directed brokerage arrangements. A “directed brokerage” arrangement is an arrangement whereby a client of an investment adviser instructs the adviser to direct a portion of its brokerage transactions to a particular broker-dealer.

Battery Ventures may aggregate client trades when such aggregation is expected to be in the best interest of all participating BV Funds. This may occur for instance, when the same public security is held by multiple funds.

## **Item 13 – Review of Accounts**

Battery Ventures conducts quarterly portfolio reviews of each active investment across all the BV Funds. With respect to each portfolio company, the review is conducted by members of senior management, the investment professional who is primarily responsible for that portfolio company and other investment professionals who are part of the same practice group. The quarterly portfolio reviews contribute to the quarter-end valuation of each BV Fund's assets.

Investors in the BV Funds receive annual audited financial statements. Battery Ventures also provides quarterly reports to investors in the BV Funds (except the BIP Funds). The quarterly reports provide summary financial and performance information, an overview of the portfolio and a brief description of each active portfolio company held by the applicable BV Fund. Finally, Battery Ventures holds an annual investor meeting (either in person or by telephone) to review each Fund's performance and provide further analysis of Fund portfolios and the investing environment.

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

Not applicable.

#### **Item 15 – Custody**

Each BV Fund will be audited on an annual basis by an independent auditor and audited financial statements will be provided to all investors in each BV Fund within 120 days of such BV Fund's fiscal year end.

#### **Item 16 – Investment Discretion**

The GP Entities provide discretionary investment management services to the BV Funds subject to and in accordance with any investment guidelines and restrictions set out in the operating documents of the applicable BV Fund. Battery Management Corp. provides investment advisory services to the BV Funds, pursuant to the Advisory Agreements between Battery Management Corp., Battery Management LLC, the BV Funds and the GP Entities.

#### **Item 17 – Voting Client Securities**

Battery Ventures is an active, engaged investor on behalf of the BV Funds and is often represented on the boards of directors of the portfolio companies. Because of this active role, Battery Ventures typically reviews and votes on public company proxy and private company shareholder consent matters on a case-by-case basis. In furtherance of the foregoing, it is Battery Ventures' policy to (i) stay apprised of developments that affect the portfolio companies, (ii) carefully review matters submitted to the BV Funds for a vote as holders of portfolio company securities, and (iii) vote on those matters on a case-by-case basis in a manner that Battery Ventures believes is in the best interests of the applicable BV Fund. The Battery Ventures investment professional who serves as a board member of the particular portfolio company in question is generally responsible, absent a conflict of interest, for deciding what is in the best interest of the applicable BV Fund when determining how proxies and shareholder consents should be voted based on all the facts and circumstances known at that time. For these purposes, what is in the best interest of a BV Fund is defined primarily with reference to the impact that the issue being voted upon may have on the economic value of the relevant BV Fund's holdings, considering the relevant BV Fund's investment horizon, and all other relevant facts and circumstances at the time of the vote. Battery Ventures believes that this type of an individualized review of a proposed proxy or shareholder consent matter is preferable to the establishment of specific voting guidelines.

In connection with each proxy and shareholder consent, Battery Ventures will identify any potential

conflicts of interest and inform and seek the guidance of the Chief Compliance Officer. In instances where a conflict of interest exists and is not able to be resolved, Battery Ventures may abstain from voting the proxy or shareholder consent.

Note that, although Battery Ventures applies the policy described above to both public company proxies and private company shareholder consents, it treats them differently from a record-keeping perspective. Battery Ventures maintains records regarding the way it (i) administers its Proxy Voting Policy, and (ii) votes public company proxies (but not private company shareholder consents) for the BV Funds. An investor may obtain additional information regarding the Proxy Voting Policy, as well as information regarding how public company proxies were voted on behalf of a BV Fund by sending a request to:

Battery Management Corp.

One Marina Park Drive, 11th  
Floor Boston, MA 02210

Attn: Chief Compliance  
Officer

Fax: 617-948-3601

#### **Item 18 – Financial Information**

Not applicable.

#### **Item 19 – Requirements for State-Registered Advisers**

Not applicable.