

## **Item 1. Cover Page**

**This brochure provides information about the qualifications and business practices of Accolade Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (202) 775-5595 and/or [andrew@accoladepartners.com](mailto:andrew@accoladepartners.com). 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 Accolade Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

# **Accolade Capital Management LLC**

2001 M Street, NW  
Suite 801  
Washington, DC 20036

(202) 775-5595

[www.accoladepartners.com](http://www.accoladepartners.com)

Part 2A of Form ADV: Firm Brochure  
March 24, 2020

**This brochure provides information about the qualifications and business practices of Accolade Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (202) 775-5595. 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 Accolade Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser's registration with the SEC does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This Brochure, dated August 17, 2020, serves as an update to Accolade Capital Management LLC's Brochure dated March 24, 2020 (the "Prior Brochure"). This Brochure contains certain clarifications regarding conflicts of interest, specifically with respect to potential conflicts that arise when individuals or entities associated with the managers of underlying funds invest in Accolade Funds.

### Item 3. Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	5
6	Performance-Based Fees and Side-By-Side Management	9
7	Types of Clients	9
8	Methods of Analysis, Investment Strategies and Risk of Loss	10
9	Disciplinary Information	22
10	Other Financial Industry Activities and Affiliations	23
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	23
12	Brokerage Practices	38
13	Review of Accounts	39
14	Client Referrals and Other Compensation	39
15	Custody	39
16	Investment Discretion	39
17	Voting Client Securities	39
18	Financial Information	41
19	Requirements for State-Registered Advisers	41

#### **Item 4. Advisory Business**

For purposes of this brochure, the “Adviser” means Accolade Capital Management LLC, a Delaware limited liability company, together (where the context permits) with its affiliated general partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates may or may not be under common control with Accolade Capital Management LLC but shares a substantial identity of personnel and/or equity owners with Accolade Capital Management LLC. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below), or may serve as general partners of the Funds.

The Adviser provides investment supervisory services to investment vehicles (the “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”).

The Funds are funds of funds that primarily invest in diversified portfolios of venture capital, hybrid, growth equity and buyout funds that are typically closed to new investors. In accordance with the Funds’ respective investment objectives, investments are generally made in underlying funds that invest primarily in companies doing business in the technology, healthcare and digital asset sectors. In addition, investments may be made, directly or indirectly, in the purchase of shares or other investments in public or private companies offered as co-investments opportunities by underlying fund managers. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund and/or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund (such documents collectively with the offering documents and any side letters, a Fund’s “Organizational Documents”). Investment restrictions for the Funds, if any, are generally established in the limited partnership agreement (or analogous organizational document) of the applicable Fund.

The principal owner of Accolade Capital Management LLC is Joelle Kayden. The Adviser has been in business since 2000. As of September 30, 2019, the Adviser manages a total of \$1,705,513,919 of client assets, all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund may also make other payments to the Adviser or its affiliates for services provided to an underlying fund or a portfolio company which, in certain circumstances, may reduce the Advisory Fees payable to the Adviser. Additionally, consistent with the Organizational Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund. Further details about certain common fees and expenses are set forth below.

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Funds, the Adviser may receive from each such Fund an advisory fee (each, an “Advisory Fee”) as specified in such Fund’s limited partnership agreement or analogous Organizational Documents. The Advisory Fee is typically calculated based on committed capital with respect to such Fund. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain excess organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Fund are indirectly borne by investors in such Fund.

Advisory Fees are deducted from the assets of the Funds either quarterly in advance or every four months in advance, as applicable.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Organizational Documents. The Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund. In addition, the Adviser may enter into economic and/or other fee sharing arrangements with respect to one or more Funds and/or certain limited partners thereof, the rights of which will not generally be made available to other limited partners.

Certain investors in the Funds that are employees, of the Adviser or its personnel (“Adviser Investors”) may not typically pay Advisory Fees in connection with their investment in a Fund. Notwithstanding that Adviser Investors will generally not pay Advisory Fees, Adviser Investors will pay for their pro rata share of any other Fund expenses or the pro rata portion of such Adviser Investors’ expenses will be allocated to the Adviser or the general partner of the applicable Fund.

The Advisory Fees paid by a Fund will generally be reduced by the amount of fees incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund’s limited partnership agreement or analogous Organizational Documents. In addition, the

Advisory Fees paid by a Fund will generally be reduced by its allocable share of certain Other Fees as defined in “*Fees Payable by Underlying Funds and Portfolio Companies*” immediately below. To the extent an Other Fee relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in an underlying fund or portfolio company. As some Funds do not pay Advisory Fees, or in certain cases where a Fund does pay an Advisory Fee but such Advisory Fee may be borne only by certain limited partners in the Fund, such reduction will not benefit such Funds or such limited partners, as applicable, unless otherwise provided in the Fund’s Organizational Documents. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

### **Other Fees**

#### *Fees Payable by Underlying Funds and Portfolio Companies*

The Adviser and its affiliates may perform transaction-related, financial advisory and other services for, and receive a variety of other cash, equity and other non-cash fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including break-up fees and fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales, divestments or other dispositions and similar transactions with respect to such portfolio companies and prospective portfolio companies (collectively with the other fees described in this section, “Other Fees”).

Although Other Fees are in addition to the Advisory Fees, the Adviser will reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees in the full amount of such fees. The amount and manner of such reduction is set forth in the Organizational Documents of the applicable Fund. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

### **Expenses**

#### *Adviser Expenses*

To the extent provided in the Organizational Documents of the Funds and except as described below as “Fund Expenses”, the Adviser will bear general office, overhead and administrative expenses relating to the Funds, and salaries and employee benefits of its employees (other than Carried Interest described in Item 6 below).

#### *Fund Expenses*

Consistent with the Organizational Documents of the Funds, each Fund will bear all other costs and expenses associated with such Fund's operations and the conduct of its investment program including without limitation, all costs, fees and expenses incurred in acquiring and disposing of interests in underlying funds and other Fund investments (including investments and divestments not consummated) as well as all research and due diligence expenses, travel (including first class airfare and premium ground transportation, lodging and meals), printing, legal and administrative fees, outside auditing, administrator and accounting costs, fees and expenses, taxes (all costs and expenses associated with preparing tax returns, making tax elections and determinations), custodial fees, commissions and brokerage fees, interest on, and all costs, fees and expenses arising out of all borrowings made by the Fund, organizational expenses of the Fund's general partner, all software (including subscription-based services) and development costs, expenses associated with the online investor portal, software costs related to the subscription agreements, the cost of insurance (including general partner liability/directors and officers insurance), all costs, fees and expenses incurred in connection with regulatory and filing requirement in respect of each Fund or its general partner (including Form PF) all costs, fees and expenses relating to any audit, investigation, regulatory or governmental inquiry, interest, costs and fees in connection with any financing facility or other borrowed money, expenses associated with Fund and advisory board meetings and preparation and delivery of reports to limited partners (including software costs), costs and expenses incurred in connection with the termination, winding up and dissolution of the Fund or the General Partner, any other costs, fees, expenses, liabilities or obligations, whether ordinary or extraordinary (including litigation and indemnification expenses), incurred in connection with the Fund's activities, expenses of liquidating a Fund, and Advisory Fees.

#### *Co-Investment Vehicle Expenses*

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate an investment by investors to invest alongside the Fund may be formed in connection with the consummation of a transaction. Consistent with the Organizational Documents of a Fund, in the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will also generally bear its pro rata portion of expenses incurred in the making of an investment. If a proposed co-investment transaction is not consummated, the Fund will bear the amount of any expenses relating to such proposed but not consummated transaction ("Dead Deal Costs") as co-investments vehicles are not typically allocated any share of fees or expenses paid in connection with an unconsummated transaction. As a general matter, a co-investment vehicle or co-investor will only be required to bear Dead Deal Costs when they are contractually committed to invest in the prospective investment. Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to third parties), any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investments, any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

In addition, the Adviser and its affiliates have discretion to (i) receive performance-based compensation, Advisory Fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are the subject to co-investment arrangements.

### *Allocation of Expenses*

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be allocated among multiple Funds and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

To the extent not allocated to an investment, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Organizational Documents or, to the extent not addressed in such Organizational Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Funds, Adviser Investors and Third Parties (as defined below in "*Allocation of Investment Opportunities Among Clients*") of Dead Deal Costs, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the Organizational Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund. Such expenses typically are not allocated to co-investment vehicles. There may be occasions when one Fund (the "Payor Fund") pays an expense common to multiple funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. In addition, there may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocated Fund. Subject to Organizational Documents, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocated Funds. Furthermore, while highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

With respect to allocating other expenses among Fund(s), Adviser Investors and/or co-investors (including third parties), as appropriate, the Adviser will make any such allocation determination



in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

### **Carried Interest Payments**

Please see Item 6 below regarding “Carried Interest” that Funds may pay.

### **Brokerage Fees**

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to each Fund a portion of the profits of each Fund is distributed to its general partner, if any, as “carried interest” (the “Carried Interest”). Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

## **Item 7. Types of Clients**

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified clients” as defined in the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and 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.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund.

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

### **Methods of Analysis and Investment Strategies**

#### ***Access to top-tier managers***

The Adviser generally commits to top-tier venture capital, growth equity and buyout managers, defined as being in the top quartile by Cambridge Associate benchmarks. The Adviser believes investing in top quartile managers is critical to generating superior returns:

- ***Outperformance:*** The differential in returns between top quartile and median managers in venture capital has historically been among the highest of all asset classes (marketable, private, fixed income). Median managers have struggled to generate attractive returns often lagging other asset classes and generating a negative absolute return. When investing in venture capital, the Adviser believes it is critical to access the top quartile performers.
- ***Persistence of returns:*** Within venture capital, the Adviser believes that there is a persistence of returns in funds managed by top quartile managers. The Adviser believes the primary reason behind this persistence is that top entrepreneurs seek out investments from firms with track records of creating industry leading companies.

The Adviser believes it has been successful in not only gaining access to a number of top quartile managers, but also in increasing allocations to those managers over time. These managers are typically closed to new investors due to their track records and limited fund sizes. The Adviser believes it has gained access to top-tier managers as a result of its prior professional relationships and introductions by endowment limited partners and fund general partners.

#### ***Concentrated portfolio***

The Adviser believes that a concentrated portfolio is critical for a fund of funds in order to achieve top quartile performance. A typical venture manager invests in 30-40 companies per fund and a typical growth equity and buyout manager invests in 10-15. An overly diversified portfolio of 30-40 funds can include between 500 and 1,000 portfolio companies. In order for such a fund of funds to achieve top quartile performance, a few hundred of the underlying portfolio companies would have to outperform, which seems unlikely given the traditional number of successful exits in any given year. On the other hand, a concentrated portfolio of 15-20 funds will include a few hundred portfolio companies in total, resulting in a more achievable number of portfolio companies needed to outperform in order to achieve top quartile returns. When an underlying portfolio company outperforms, it disproportionately affects the return of a concentrated portfolio versus an overly diversified one.

#### ***Early liquidity profile***

The Funds advised by the Adviser are structured to generate early liquidity, in year three to five of such Fund's life, primarily from its investments in growth equity and buyout managers, which invest later in a company's lifecycle therefore reducing the timeline to liquidity. The Adviser expects the majority of a Fund's returns to be generated in the harvesting period during years five

through ten of such Fund's life, at which time its venture portfolio will reach maturity and be in a position to achieve liquidity.

### ***Stage diversification***

The Adviser generally invests across multiple stages of a company's lifecycle through venture capital, growth equity and buyout funds.

### ***Co-Investments***

The Adviser will proactively seek to identify co-investment opportunities in a portfolio company of the Adviser or its affiliates. The Adviser expects that the Funds will invest in co-investments that share the following characteristics:

- An existing portfolio company of the Adviser or its affiliates;
- Not early stage where technical and product risks exist; later stage companies focused on scaling;
- Strong recurring revenues; and
- Reasonable valuations and multiples, avoiding billion dollar financings.

Additionally, the Adviser may identify co-investment opportunities in underlying funds in which one or more of the Funds is considering an investment. The Adviser expects that underlying fund co-investment opportunities may arise in connection with a Fund receiving an allocation in excess of its desired allocation in such underlying fund. Underlying fund co-investment opportunities may be offered to limited partners of any Fund, Adviser Investors or to Third Parties.

### ***Venture capital***

Historically, venture capital managers have generated high rates of return driven by "home run" investments. Not surprisingly, portfolio companies in these funds also take the longest to mature. Venture managers, particularly those focused on technology, tend to be highly correlated because their portfolio companies sell to customers whose purchasing patterns are influenced by similar economic factors. Technology companies sell to the global 2000 corporations, whereas consumer-facing companies tend to have business models that are dependent on advertising to generate revenue. In technology investing, there is a tendency for early stage investments to cluster around certain themes or sectors. Recent popular areas for investment include autonomous driving, artificial intelligence / machine learning, augmented reality / virtual reality, fintech, sharing economy and cryptocurrency. As a result of the tendency for "me-too" companies to proliferate, it is critically important to invest with venture capitalists that have access to the best entrepreneurs and management teams that create industry leading companies. The Adviser plans to allocate its Funds' capital exclusively to venture capital managers that are, in its opinion, top-tier.

### ***Growth equity***

The growth equity managers of the underlying funds that the Adviser commits to will invest in revenue generating companies at or near cash flow break-even. The Adviser's growth equity portfolio capitalizes on significant changes that have occurred in the exit environment which has resulted in early stage companies delaying going public until seven to ten years from the time of their formation. The need to comply with Sarbanes-Oxley, the expense and burden associated with

being public as well as institutional investors' preference for investing in companies that have achieved scale and are profitable has created a larger opportunity set for growth equity investors, in the Adviser's opinion. In addition, a recent trend has emerged where several of the most visible and successful companies (Airbnb, Lyft, Stripe, Warby Parker) have been able to access large amounts of private capital by selling either primary or secondary stock, even further delaying their plans to go public. The Adviser expects this trend to continue and perhaps broaden to other sectors beyond consumer facing internet companies.

Growth equity managers invest in high top line growth companies where their capital is generally used to accelerate organic growth and gain market share. Companies have a proof concept and are profitable or will be in the near term. These investments typically result in minority ownership where the manager may take a board seat. Growth equity managers actively participate in setting strategy, assisting on operational issues, and provide insight and advice on liquidity options. Returns are generated through top and bottom line growth.

#### Buyout

Buyout managers seek to create market leading companies by transforming sub-scale or non-strategic assets in both technology and healthcare into strategic businesses attractive to industry buyers. These managers apply a mix of operating expertise and financial discipline to build market leading companies. Buyout funds prefer to be the only source of institutional capital. They partner with management to capitalize on business opportunities, accelerate organic growth, or achieve scale by making acquisitions. Use of leverage tends to be modest and is used largely to optimize a company's capital structure. The Adviser believes these managers are less subject to the fluctuations in the credit markets as they can buy companies without using leverage. In addition, these managers are highly disciplined in planning exit strategies, which generally take the form of cash sales to buyers at premium valuations within three to five years of their investment. Returns are generated by growing revenues and improving operating margins.

Although the growth equity, buyout and venture capital managers in which the Adviser commits to invest are at different stages of company development, they share common characteristics. The Adviser's managers are, or prefer to be, the lead investor. Their goal is to provide the first institutional capital to a company. They prefer to take board seats and participate actively in setting strategy, hiring senior level employees, securing financing, and providing insight and advice on acquisitions and liquidity options. Returns are achieved by growing a company's revenues, refining its business model to achieve operating efficiencies, and by scaling a business through organic growth or add-on acquisitions. The managers of the funds that the Adviser commits to do not rely on financial engineering or leverage to achieve returns. Additionally, the managers of the funds the Adviser commits to do not depend solely on favorable market conditions for initial public offerings to achieve exits. In fact, the Adviser expects that the majority of its portfolio companies will be sold to strategic acquirers.

## ***Sector diversification***

The Adviser generally invests across the technology and healthcare sectors, with a majority of the portfolio allocated to technology.

### **Technology**

The Funds managed by the Adviser have a significant allocation to managers that invest in technology. Technology represents one of the largest and most dynamic sectors of the U.S. economy. It is also one of the most attractive areas for investing, in the Adviser's opinion, as it has historically been a source of significant investment returns. U.S. technology markets have consistently demonstrated worldwide leadership in innovation and entrepreneurship. The Adviser has identified what it believes to be industry leading managers that invest in all stages of company development, spanning from early stage to growth equity, and have a track record of building billion dollar businesses.

### **Healthcare**

Healthcare is a large, dynamic and fast growing sector of the U.S. economy undergoing disruptive change. Aggregate healthcare spending is currently 17.7% of GDP and is projected to grow to 19.4% of GDP by 2027.<sup>1</sup> As a result of the continued uncertainty surrounding the implementation of healthcare reform as well as an increasingly stringent and unpredictable FDA, which regulates drugs and device approvals, the Adviser plans to allocate approximately 20% of its capital to healthcare.

The Adviser is cognizant of the long product development cycles and the capital intensity associated with drug development. As a result, the Adviser's portfolio has modest exposure to funds that invest in therapeutics. The Adviser's strategy is to invest in managers that focus on products that are at a later stage in their development (Phase II or III). Such investments are sometimes made in the form of PIPEs, investments in already public companies that need capital to complete a trial and will have results in 12 – 18 months.

Alternatively, the Adviser will consider managers that invest in suppliers to the life sciences industry. Companies that fall into this category seek to accelerate drug development, reduce the cost associated with commercializing drugs, and increase the efficiency of scaling up and manufacturing drugs.

The Adviser has additional exposure to healthcare through several of its technology managers who have domain expertise in healthcare information technology. As enacted, the Affordable Care Act of 2010 (the "Affordable Care Act") provides \$19 billion in stimulus funds to encourage the adoption of healthcare information technology and to ensure "meaningful use" of electronic records. In addition, the Affordable Care Act provides incentives to provide information about the cost and quality of healthcare services to enable consumers to make better decisions. The Adviser believes that several of its managers are well positioned to invest in companies that may benefit from these legislative initiatives should they continue. Hopefully, the pressure on both the

---

<sup>1</sup> CMS.Gov, 12/05/2019.

government and corporations to address ever escalating healthcare costs will result in the creation of companies that begin to address this problem.

### Digital Assets

Certain funds managed by the Adviser will invest in a diversified portfolio of closed-end funds, open-end funds, hybrid funds and similar vehicles with an investment focus on cryptographically derived digital assets (e.g., blockchain tokens and virtual or digital currencies) and equity or other securities of public or private companies that operate in the digital asset, cryptocurrency, blockchain, distributed ledger or similar technology industries (“Digital Asset Investments”).

### ***Vintage year diversification***

The Adviser believes that vintage year diversification is important because deploying capital over time serves to mitigate the risks associated with specific vintage years or investment cycles. Additionally, vintage year diversification ensures consistent allocations among Funds to the Adviser’s high conviction managers.

### ***Geographic diversification***

The Adviser has historically invested solely in U.S. managers. The U.S. commands a leading position globally in technology innovation. Despite being domiciled in the U.S., domestic technology companies frequently sell globally from day one, providing the Adviser with exposure to global growth. The Adviser also finds comfort in U.S. GAAP accounting rules, which provides a common framework by which to measure the value of portfolio companies, and the U.S. legal system, which provides downside protection in the case of any legal issues.

The Adviser does have access to international affiliates of its U.S. based managers. The Adviser may consider expanding its geographic reach, but in a manner that reflects the Adviser’s investment strategy and is consistent with its focus on generating strong returns.

### ***Minimize correlation***

A source of risk in any portfolio, especially a venture capital and growth equity fund of funds, is correlation among the underlying investments. As part of an effort to minimize the risk in the portfolio, the Adviser is proactive in reducing the correlation between managers. The Adviser approaches investing in venture capital by making sure each venture manager has distinct vertical expertise that complements, not duplicates, other managers in the Adviser’s portfolio. When evaluating a new manager, the Adviser seeks accretive strategies. While this approach does not eliminate the correlation among the Adviser’s venture portfolio, it should help minimize it.

The Adviser’s growth investments further minimize correlation in the portfolio. Growth equity managers are typically the sole institutional investor in their companies, which in comparison to the venture syndicates, minimizes correlation among growth equity managers. The scale of the growth equity companies provides further diversification with the venture portfolio.

The Adviser believes its approach to minimizing correlation among its managers is built to lessen the impact of a downturn in any specific subsectors, and generate strong returns through multiple economic cycles.

### **Investment Approach**

- *Modest fund size, concentrated portfolio*: The Adviser believes that having a modest fund size with a concentrated portfolio is critical to achieving superior returns. In a concentrated portfolio, a manageable number of underlying companies need to outperform to meaningfully impact the fund's performance. Additionally, a modest fund size allows the Adviser to invest solely in top quartile managers thereby avoiding the dilution in returns caused by committing to second tier firms. Larger fund sizes with overly diversified commitments results in index-like returns.
- *Independent thinking and willing to act*: The Adviser attempts to avoid the common pitfall of "following the herd" when investing. The Adviser develops independent opinions and is willing to act on its convictions.
- *Engaged investor that adds value*: The Adviser is not a passive investor in its underlying funds, but rather an engaged partner. In addition to engaging with managers on a regular basis, the Adviser meets with companies selectively to understand how the manager is adding value and to gain a perspective on the return potential of the company. The Adviser is also willing to help its managers and underlying portfolio companies by proactively making introductions to strategic partners and sources of funding.
- *Disciplined investment process*: The Adviser maintains a rigorous investment process from manager identification through due diligence and manager oversight. The Adviser evaluates both emerging and established firms, as well as emerging themes (artificial intelligence & machine learning, augmented reality & virtual reality, fintech, etc.). This extensive research enhances the Adviser's manager selection. The Adviser's disciplined approach has resulted in identifying and gaining access to up and coming top quartile managers when those firms were at an inflection point.

### **Risks**

Investing in securities, including interests in underlying funds and their portfolio companies, involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

**Recent Financial Market Fluctuations.** In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the

Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more of a Fund's portfolio companies. The ability of portfolio companies to refinance debt securities will depend on their ability to sell new securities in the public high yield debt market or otherwise.

**Coronavirus Outbreak Risks.** The recent global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting restrictions on travel and quarantines imposed, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is likely to contribute to market volatility and is also likely to lead to an economic slowdown given the disruption to supply chains across sectors and industries worldwide, which may reduce private equity activity more generally and materially and adversely affect the Funds and their underlying portfolio funds. The extent of the impact of any public health emergency on the Funds and their underlying portfolio funds' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds' underlying portfolio funds, the underlying portfolio funds' ability to source, manage and divest investments and the Fund's and underlying portfolio funds' ability to achieve their investment objectives, all of which



could result in significant losses to one or more Funds. In addition, the operations of the underlying portfolio funds and the underlying funds' portfolio companies may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. The activities of the Adviser may be similarly impacted, including the ability of personnel to function, communicate and travel to the extent necessary to carry out the Funds' investment strategies and objectives. In addition, the Adviser's personnel and personnel of critical service providers to the Adviser or the Funds may be directly impacted by the spread of COVID-19, both through direct exposure (the likelihood of which can increase due to the frequency of travel) and exposure to family members, which could impair the Adviser's ability to satisfy its obligations to the Funds, their investors, and pursuant to applicable law. The spread of COVID-19 among the Adviser's personnel has the potential to significantly affect the Adviser's ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), resulting in the possibility of temporary or permanent suspension of a Fund's investment activities or operation.

**Risks of Investment in Underlying Funds.** Although the principals of the Adviser have substantial experience working with venture capital, buyout and growth equity fund managers, and the managers of the funds in which the Funds invest are expected to have had significant experience in venture capital, buyout or growth equity investment, as the case may be, such experience may not be a reliable indicator of the ability of the Funds or such underlying funds to generate positive returns to their investors.

The Adviser and the Funds will not be able to participate in the management and control of the underlying funds in which the Funds hold investments nor of the companies in which such funds have invested. Consequently, the Adviser and the Funds will not be able to control the investments of the underlying funds or the amount or timing of distributions from them, which may affect investors' returns. Accordingly, the returns of the Funds will depend on the performance of such unrelated underlying managers and could be substantially adversely affected by the unfavorable performance of such underlying managers. In addition, the Funds' investment in any underlying funds will be illiquid and difficult to value. Even if the Funds are able to obtain liquidity rights, economic factors (such as the inability to dispose of investments at the price desired) may limit the Funds' ability to exercise these rights. As a consequence, neither the Funds nor an underlying fund may be able to sell their investments in their properties when they desire to do so or to realize what they perceive to be their fair value in the event of a sale.

There is no assurance that portfolio company investments made by the underlying funds in which the Funds invest will be successful. The marketability and value of any such investments will depend upon many factors beyond the control of the Adviser or the Funds. The public market for companies in certain industries in which many of the Funds' underlying funds may invest (including technology and healthcare) have been extremely volatile in recent years. Many portfolio companies of the Funds' underlying funds may need substantial additional capital to support growth or to achieve or maintain a competitive position, and will have substantial variation in operating results from period to period. These portfolio companies can experience failures or substantial declines in value at any stage of their development and may face intense competition.

In many cases, portfolio company investments by the Funds' underlying funds (especially venture capital funds) will be long term in nature and may require many years from the date of initial investment before disposition.

**Risks of Investment in Private Equity Funds.** The success of each of the underlying funds in which the Funds invest (and, as a result, the success of the Funds) is subject to those risks which are inherent in private equity investments. These risks are generally related to (i) the ability of each of the underlying funds to select and manage successful investment opportunities; (ii) the quality of the management of each company in which the underlying funds invest; (iii) the ability of the underlying funds to liquidate their investments; and (iv) general economic conditions. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. Further, interest rates, general levels of economic activity, the markets for publicly traded securities and participation by other investors in the financial markets may adversely affect the value and number of investments made by the Funds' underlying funds. Some of these risks are beyond the control of the managers of the underlying funds in which the Funds will invest and there can be no assurance that the investments made by the underlying funds will result in attractive rates of return for the Funds.

**Underlying Venture Capital and Growth Equity Fund Strategy Risk.** Underlying funds that pursue venture capital and growth equity investments involve a high degree of business and financial risk that can result in substantial losses. Their portfolio companies may have shorter operating histories on which to judge future performance and, if operating, may have negative cash flow. In the case of start-up enterprises, these portfolio companies may not have significant or any operating revenues. Such portfolio companies also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure, which could result in the loss of the entire investment. The directors and officers of such portfolio companies may lack any meaningful managerial experience, particularly of cashflow management and budgeting. Additionally, such portfolio companies may face strong competition or need substantial additional capital to support or to achieve a competitive position. The availability of capital is often generally a function of capital market conditions that are beyond the Adviser's control or the control of the general partners or portfolio companies in which Funds, directly or indirectly, will invest. There can be no assurance that any portfolio company of an underlying fund will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. There can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments.

**Underlying Buyout Fund Strategy Risk.** Underlying funds that pursue a buyout strategy often invest in leveraged buyouts. Leveraged buyouts by their nature require companies to undertake a high ratio of leverage to available income. Leveraged investments are inherently more sensitive to declines in revenues and cash flows and to increases in interest rates and expenses than non-leveraged transactions. Increases in interest rates could also make it more difficult for private equity funds to access and consummate acquisitions because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher relative price due to a lower overall cost of capital or because the minimum targeted return on investment of such private equity fund is unachievable on such acquisition given the cost of the leverage that would be required. Limitations on the availability of certain types of capital in the credit markets

may also have a similarly adverse effect on the ability of such underlying funds to invest in leveraged buyouts, or to invest in such buyouts on attractive terms. The exercise of control over a company, which often results from a leveraged buyout, imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability. If such liabilities were to arise, such underlying fund would likely suffer a loss, which may be complete, on its investment.

**Risk of Investment in Digital Assets.** Digital Asset Investments involve a high degree of business and financial risk that can result in substantial losses. Their portfolio companies may have shorter operating histories on which to judge future performance and, if operating, may have negative cash flow. Given the relatively nascent nature of the blockchain industry, portfolio companies may have no or very short operating histories and portfolio companies' management teams may have no or very limited management experience. In the case of start-up enterprises, these portfolio companies may not have significant or any operating revenues. Such portfolio companies also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure, which could result in the loss of the entire investment. The directors and officers of such portfolio companies may lack any meaningful managerial experience, particularly of cashflow management and budgeting. Additionally, such portfolio companies may face strong competition or need substantial additional capital to support or to achieve a competitive position. The availability of capital is often generally a function of capital market conditions that are beyond the Adviser's control or the control of the general partners or portfolio companies in which the Funds, directly or indirectly, will invest. There can be no assurance that any portfolio company of a Fund will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. There can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments.

Investments in Digital Assets Investments are subject to unique risks, in addition to risks generally applicable to Fund investments. For example, trading prices for cryptocurrencies and other digital assets have historically been highly volatile and are expected to continue to be highly volatile. Digital assets have not been in existence long enough to assess the volatility of market cycles with any precision. Likewise, the value of investments in portfolio companies operating in the blockchain industry is also expected to be highly volatile. There is a risk that some or all of a Fund's or an underlying portfolio fund's digital assets could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft (e.g., through a cybersecurity breach or other hacking) of the private keys associated with the public addresses that hold the digital assets. This loss or theft may occur with respect to digital assets held by a Fund or an underlying portfolio fund directly, or with respect to digital assets held by a third-party custodian. Because of the decentralized process for transferring digital assets, thefts can be difficult or impossible to trace, which may make digital assets a particularly attractive target for theft. Even if a theft is traced, it may be difficult or impossible to secure the return of those assets or to otherwise exercise any legal remedies with respect to the lost or stolen assets. Further, a custodian may not have adequate assets or insurance to cover the theft of its client's digital assets. The Adviser's Funds do not intend to insure digital assets, if any. The Adviser similarly does not expect that the underlying portfolio funds will in most cases insure their digital assets. Digital asset exchanges, on which digital assets may be traded and/or which may also serve as custodians, may in particular be at risk of cybersecurity breaches given the need of exchanges to hold digital assets in "hot" wallets

accessible through the internet. In addition, as digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies have been examining the operations of digital asset networks, digital asset users and the digital asset exchange market. Many of these state and federal agencies have issued enforcement actions, advisories, and rules relating to digital asset markets. Similar actions have been taken by non-U.S. governments and agencies. Nonetheless, the blockchain industry remains largely unregulated and without significant government or self-regulatory oversight. The effect of any future regulatory change is impossible to predict, but those changes could be substantial and adverse to the investments of the Funds.

**Valuation Risk.** There is no established market for the interests in the underlying funds that the Fund invests in. Additionally, any direct co-investments entered into by a Fund are typically also privately held securities for which no established market exists. Generally, the Adviser relies on the valuation provided by a general partner of an underlying fund with respect to a Fund's interest in the related underlying fund. With respect to any direct co-investments, the valuation of these securities by the Adviser will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and it may differ from the valuation reported by the relevant underlying fund. Furthermore, third-party pricing information may at times not be available regarding certain Funds' interests. The net asset value of an underlying fund or specific portfolio company as of a particular date may be materially greater than or less than its net asset value that would be determined if such underlying fund or portfolio company were to be actually liquidated as of such date. With respect to the direct co-investments, the exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, valuations impact the Adviser's track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance fees and calculation of Advisory Fees.

**Concentration Risk.** The underlying funds' securities holdings may become concentrated in a limited number of companies in certain industries, increasing the risk profile of the Funds' portfolios.

**Key Person Risk.** The Funds will be dependent on the efforts of Joelle M. Kayden, the Adviser's sole managing member (the "Managing Member") and Atul Rustgi and Andrew Salembier (together, with the Managing Member, the "Principals") to gain access to high quality underlying funds and to manage the Funds' investments. The loss or incapacity of the Managing Member or another Principal could result in the termination of the Funds and the loss of future investment opportunities for the Funds. The underlying funds in which the Funds invest will be dependent on their fund managers. The loss or incapacity of any of such managers could have a materially adverse effect on the Funds' results of operations and prospects.

**Cybersecurity Risk.** The Adviser, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and

its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Similar types of operational and technology risks are also present for the underlying funds and the companies in which the Funds invest, which could have material adverse consequences for such underlying funds and companies, and may cause the Funds' investments to lose value.

**Tax Reform Risks.** President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act"). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. In addition, although not free from doubt, the Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Significant uncertainties remain regarding the application of the provisions of the Tax Act that affect the taxation of carried interest. Enactment of this legislation could cause the Adviser's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser's ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives the Adviser an incentive to cause a Fund to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

**Environmental, Social and Governance Matters.** While ESG is only one of the many factors the Adviser will consider in the course of its due diligence, investment analysis and monitoring of its investments, there is no guarantee that the Adviser will successfully implement and make investments in underlying funds that create positive environmental, social or governance ("ESG")

impact while enhancing long-term shareholder value and achieving financial returns. To the extent that the Adviser engages with the managers of underlying funds on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Adviser will depend on the underlying funds' skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Adviser's view of certain ESG-related and other factors, and carries the risk that the Adviser may underperform in comparison to managers of funds that do not take ESG-related factors into account.

Consideration of ESG factors by both the Adviser and, to the extent applicable, the underlying funds managers', may affect the Adviser's and underlying fund managers' exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Adviser's or underlying fund managers' performance depending on whether such investments are in or out of favor. Applying ESG goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will reflect the beliefs or values of any particular investor. In evaluating an underlying fund, the Adviser is dependent on information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the Adviser to incorrectly assess an underlying fund manager's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and the Adviser's or an underlying fund manager's ESG-related practices or the Adviser's assessment of an underlying fund manager's ESG-related practices may change over time.

**Possibility of Fraud and Other Misconduct of Employees and Service Providers.** Misconduct by employees of the Adviser, service providers to the Adviser or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

### **Related General Partners**

Various limited liabilities companies (the “General Partners”) serve as general partners of the Funds and are related persons of the Adviser, and the Managing Member also serves as managing member of the General Partners. These include Accolade Associates II LLC, Accolade Associates III LLC, Accolade Associates IV LLC, Accolade Associates V LLC, Accolade Associates VI LLC, Accolade Associates VII LLC, Accolade Growth Associates I LLC, Accolade Investment Associates LLC, Accolade Investment Associates A LLC, Accolade Investment Associates B LLC, Accolade Investment Associates VI-A LLC, Accolade Investment Associates VI-B LLC, Accolade Investment Associates VI-C LLC, Accolade Investment Associates VI-D LLC, Accolade Investment Associates VII-A LLC and Accolade Investment Associates VII-B LLC. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below. The Adviser manages a number of funds which are listed in the Adviser’s ADV Part 1, Schedule D, Section 7.

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

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser 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. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Accolade Capital Management LLC, 2001 M. Street, NW, Suite 801, Washington, DC 20036, Attn: Andrew Salembier.

### **Participation or Interest in Client Transactions**

Certain employees and affiliates of the Adviser may invest in the Funds, either through the General Partners, as direct investors in the Funds, or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the Advisory Fee and Carried Interest 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.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a Fund in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of its prospective investors or limited partners.

### **Conflicts of Interest**

The Adviser and its related entities, including personnel of the Adviser, engage in a broad range of activities, including investment activities for their own account and for the account of other Funds, and provide investment advisory, management and other services to other Funds. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, other “friends of the firm,” or other persons may invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” may, in certain circumstances, be contractually required to purchase and sell certain investment opportunities at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles have historically not paid Advisory Fees but have paid Carried Interest. Any future co-investment vehicles may be subject to different economic terms.

### ***Resolution of Conflicts***

In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser’s best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Organizational Documents for the Funds;



- (3) Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to advise and consult with the Adviser as to certain potential conflicts of interest. The Adviser shall seek the advisory committee(s) approval of any matter requiring approval under the Advisers Act, including, without limitation, section 206(3) thereof. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- (5) Where the Adviser deems appropriate, unaffiliated Third Parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (6) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In addition, certain provisions of a Fund's Organizational Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

### *Conflicts*

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### *Allocation of Investment Opportunities Among Clients*

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the Funds and any co-investors or co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the co-investors or investors in such co-investment vehicles which may include Adviser Investors and/or individuals and entities that are not investors in any Funds ("Third Parties"));

In recognition of its fiduciary duties, it is the policy of the Adviser to treat its clients fairly and equitably in the allocation of investment opportunities and transactions more generally. The Adviser makes allocation determinations consistent with the Funds' Organizational Documents and in accordance with its written policies and procedures.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements generally are set forth in the Fund’s Organizational Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds and/or other parties are eligible to participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund’s investment objectives, strategies and structure. A Fund’s investment objectives, strategies and structure typically are reflected in the Fund’s Organizational Documents. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities may be set forth in a Fund’s Organizational Documents.
- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds and other parties that are eligible to participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser may consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund’s investment objectives and investment focus;
- Transaction sourcing (and with respect to an investment opportunity originated by a third-party, the relationship of a particular Fund to or with such third-party);
- Each Fund’s liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity);
- Structural and operational differences between the Funds;
- Each Fund’s diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- Lender covenants and other limitations;
- Any “ramp-up” period of a newly established Fund;
- Amount of capital available for investment by each Fund as well as each Fund’s projected future capacity for investment;

- Each Fund's targeted rate of return;
- Composition of each Fund's portfolio and each Fund's investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics);
- The suitability as a follow-on investment for a current underlying fund of a Fund;
- The availability of other suitable investments for each Fund;
- Supply or demand of an investment opportunity at a given price level;
- Risk considerations;
- Cash flow considerations;
- The likelihood of current income;
- The centrality of an investment to a Fund's strategy;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Whether an investment opportunity requires additional consents or authorizations from the Fund, investors or Third Parties;
- Whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the Organizational Documents of each Fund.

The Adviser will seek to make all allocations of investment opportunities among the Funds in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Fund. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities and co-investment opportunities that fall within its investment objectives.

In addition, principal executive officers, members, employees and other personnel of the Adviser directly or invest indirectly in Funds and may therefore participate directly or indirectly in

investments made by the Funds in which they invest. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Investment opportunities made available to the Adviser that may be appropriate for Accolade Partners Growth I, L.P. or any of its predecessor or successor investment funds (the “Accolade Growth Funds”) may also be appropriate for certain other funds or investment vehicles managed by the Adviser, including Accolade Partners VII, L.P. or any of its predecessor or successor investment funds (the “Accolade Core Funds” and collectively with the Accolade Growth Funds, the “Accolade Funds”). Accordingly, none of the Accolade Funds will have an exclusive right to any such investment opportunities.

In addition to the foregoing allocation guidelines set forth above in “*Allocation of Investment Opportunities Among Clients*” and “*Allocation of Co-Investment Opportunities and Secondary Transactions*”, and subject to the terms of and conditions of the Accolade Funds’ respective Organizational Documents, the Adviser will also take into account the additional factors outlined below when making allocation determinations between the Accolade Funds.

If an investment opportunity comes to the attention of the Adviser and such investment opportunity is sponsored or offered by a fund manager or sponsor with whom any Accolade Core Fund has previously made an investment, then, subject to certain exceptions, any Accolade Core Fund then capable of making such investment shall be first allocated its appropriate share thereof, as determined in good faith by the general partner of any such Accolade Core Fund and the Adviser, after taking into account all factors and circumstances they deem relevant and advisable in their reasonable discretion, which may include following the anticipated allocation pipeline outlined during the fundraising period of each Accolade Fund and any such Accolade Core Fund.

In the case of an investment opportunity that is sponsored or offered by a fund manager or sponsor with whom the Adviser has not previously invested, then the Adviser will determine the allocation of such investment opportunity between the Accolade Funds then capable of making such investment based on the factors set forth above in “*Allocation of Investment Opportunities Among Clients*” and “*Allocation of Co-Investment Opportunities and Secondary Transactions*”, and may also consider the capacity and sector diversification of existing investments of the Accolade Funds. Accordingly, it is possible that (a) the Accolade Growth Fund and any such Accolade Core Fund, Accolade Blockchain Fund and Accolade Specialty Fund may each receive an allocation, (b) the Accolade Growth Fund may receive an allocation and the Accolade Core Funds, Accolade Blockchain Funds and Accolade Specialty Funds do not receive an allocation, or (c) one or more Accolade Core Funds, Accolade Blockchain Funds or Accolade Specialty Funds will receive an allocation and the Accolade Growth Fund does not receive an allocation.

#### *Allocation of Co-Investment Opportunities and Secondary Transactions*

In the event the Adviser does offer co-investment opportunities, the Adviser will do so in its sole discretion, in a manner it determines is fair and equitable given the circumstances.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances.

The Adviser or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Fund. Any such vehicle will be established at the Adviser or its affiliates' sole discretion and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor.

### *Conflicts Related to Purchases and Sales*

From time to time in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Conflicts may arise in connection with such investments. In the event that one Fund has a controlling or significantly influential position in an underlying portfolio company, it will have the ability to elect some or all of the board of directors of such an underlying portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same underlying portfolio company that do not have the same level of control or influence over the underlying portfolio company. Investments by more than one client of the Adviser in an underlying fund may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the

Adviser. In addition, there may be differences in timing of entry into, or exit from, an investment for reasons such as differences in strategy, existing portfolio or liquidity needs.

The applicable Fund's Organizational Documents and the Adviser's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

The applicable Fund's Organizational Documents and the Adviser's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Employees and related persons of the Adviser and its affiliates have made and may make capital investments in or alongside certain Funds or clients of the Adviser's affiliates, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

### *Cross-Transactions*

In certain atypical cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the 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 certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Organizational Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those Organizational Documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's CCO, in consultation with the

Adviser's Managing Member, will be responsible for confirming that the Adviser (i) considers its respective duties to each 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, and (iii) obtains any required approvals of the transaction's terms and conditions.

### *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. In connection with the Adviser's management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures (outlined in the Adviser's Compliance Manual) 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 Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

### *Management of the Funds*

The Adviser manages a number of Funds that may have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients*" and "*Allocation of Co-Investment Opportunities and Secondary Transactions*" above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including funds raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Fund. Conflicts of interest may arise in allocating time, services or functions of these officers and employees. The Adviser may give advice or take actions with respect to, the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

The Adviser may consider, and reject an investment opportunity on behalf of one Fund and, the Adviser or an affiliate of the Adviser may subsequently determine to have another Fund make an investment in the same investment opportunity. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund considering the investment. In such

circumstances, the benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

In addition, the Adviser receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser has in the past and is likely in the future to enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. The Adviser has already and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. The Adviser has in the past and is likely in the future to utilize such information to benefit the Adviser, its Affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds.

The Adviser and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow the Adviser, the Funds and the Funds' investments to better discern economic or other trends and developments. The Adviser believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across the Adviser's businesses and the Funds' investments. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and the Adviser. For example, data analytics based on inputs from one investment may inform business decisions by other portfolio investments, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. The Adviser and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefitting the Funds. As a result, the Adviser may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Adviser and/or investments held by other Funds.

The Funds will, from time to time, enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount.

#### *Conflicts Relating to the General Partner and the Adviser*

The Adviser generally may in its discretion, contract with any related person of the Adviser to perform services for the Adviser in connection with its provision of services to the Funds. When



engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally may, in its discretion, recommend to a Fund or to an underlying fund thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to an underlying fund of a Fund) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, the investing Adviser Personnel will not share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments. In addition, Funds from time to time invest in securities of companies in which officers, principals, employees and other related persons of the Adviser and its affiliates have previously invested for their own accounts. While the significant interests of the officers and employees of the Adviser generally aligns the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

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

### *Fee Structure*

As discussed above in Item 6, the General Partners of the Funds are entitled to Carried Interest under the terms of the Organizational Documents of such Funds. Such general partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest may create an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Adviser or its affiliates in a Fund, the clawback obligation of the General Partner (as described below) and the fact that the preferred return is calculated on an aggregate

basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Adviser's personnel.

Pursuant to the Organizational Documents, the General Partner may be required to return excess amounts of Carried Interest as a "clawback". This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

In addition, the General Partner is incentivized to hold on to investments that have poor prospective for improvement in order to receive ongoing Advisory Fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the General Partner.

### *Fund Level Borrowing*

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay Fund expenses, to fund capital commitments of the Funds to an underlying fund or to make a new investment or to satisfy short-term working capital needs. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the general partner.

Borrowings by the Funds are secured by capital commitments made by the Funds' investors to the Funds as well as by the Funds' assets and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of leverage by the Funds may cause the realization of "unrelated business taxable income." To the extent the Funds use borrowed funds in advance or in lieu of capital contributions, the Funds' investors generally make correspondingly later capital contributions, but the Funds will bear the expense of interest on such borrowed funds. As a result, the Funds' use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing and can impact the carried interest the Funds' general partner receives, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously.

Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

### *Diverse Membership*

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and individuals and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a 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 made by the Adviser or its affiliates, 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 Fund, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

### *Side Letter Agreements; Advisory Committee Rights*

The Adviser often enters into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights and liquidity or transfer rights. Except as otherwise agreed with an investor, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

If required by its Organizational Documents a Fund will establish an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives of the advisory committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members serve may have conflicting interests and such advisory committee members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

### *Other Potential Conflicts*

The Organizational Documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds may engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser and/or the Funds. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser and the Funds in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points" or credit in loyalty/status programs to the Adviser and/or its personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value) will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for an Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to an investment, a prospective investment or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser may in its discretion, cause the Funds and/or their underlying funds to have, ongoing business dealings, arrangements or agreements with persons who are former employees or

executives of the Adviser. The Funds and/or their underlying funds may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their underlying funds) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

A Fund may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, the Adviser or its related persons. In such a case, investors in such Fund will bear not only the direct management fees and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

The Adviser has in the past and may, from time to time in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

The Organizational Documents of certain Funds permit each such Fund’s General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Certain individuals or entities associated with the managers of the underlying funds have invested in prior Funds managed by the Adviser and are expected in the future to be offered the ability to invest and will likely invest in current or future Funds managed by the Adviser as limited partners. This may create a conflict of interest for the Adviser, including with respect to the terms of any such limited partner investment, as well as with respect to the Adviser’s own decisions regarding

any existing Fund investment in an underlying fund or with respect to the Adviser's determination whether and on what terms to make a future Fund investment in any prospective underlying fund.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

As Funds invest primarily in venture capital, buyout and growth equity funds, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in an underlying fund, securities held as a result of in-kind distributions from underlying funds, etc.). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies (outlined in the Adviser's Compliance Manual) to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

For each of the Funds, the Adviser has, subject to the direction of such Fund's general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's Managing Member takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's Managing Member, in consultation with the Adviser's CCO, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

The Adviser does not receive "soft dollars" in connection with its use of broker-dealers.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the underlying funds of the Funds. The portfolios are reviewed by a team of investment professionals on a quarterly basis. The team generally includes the Managing Member and other investment professionals of the Adviser.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 90 days after the fiscal year end of such Fund (or as soon thereafter as is possible due to the timing of receipt of information from underlying funds), as well as quarterly performance reports within 60 days after each fiscal quarter end (or as soon thereafter as is possible due to the timing of receipt of information from underlying funds). The Adviser and the applicable General Partner will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such fees are generally paid by the Adviser.

## **Item 15. Custody**

Item 15 is not applicable to the Adviser.

## **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

## **Item 17. Voting Client Securities**

The Adviser has established written policies and procedures (outlined in the Adviser's Compliance Manual) setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds ("Votes"). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant Fund's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser's CCO, Managing Member or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser's Vote.

All Voting decisions initially are referred to the Adviser's CCO or appropriate investment professional for a voting decision. In most cases, the Adviser's CCO or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Adviser's Managing Member as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's CCO deems appropriate in his or her sole discretion, unaffiliated Third Parties may be used to help resolve conflicts. In this regard, the Adviser's CCO shall have the power to



retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Accolade Capital Management LLC, 2001 M. Street, NW, Suite 801, Washington, DC 20036, Attn: Andrew Salembier.

**Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

**Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.