



Sands Capital Ventures, LLC

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This brochure provides information about the qualifications and business practices of Sands Capital Ventures, LLC (“*Sands Capital Ventures*”). If you have any questions about the contents of this brochure, please contact us at (703) 562-4000. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “*SEC*”) or by any state securities authority.

Sands Capital Ventures is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Sands Capital Ventures is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Sands Capital Ventures is 155517.

Item 2. MATERIAL CHANGES

No material changes have been made to this brochure since its previous filing on March 29, 2019.

Item 3. TABLE OF CONTENTS

ITEM 2. MATERIAL CHANGES.....	2
ITEM 3. TABLE OF CONTENTS.....	3
ITEM 4. ADVISORY BUSINESS.....	4
ITEM 5. FEES AND COMPENSATION	4
ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	10
ITEM 7. TYPES OF CLIENTS	11
ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
ITEM 9. DISCIPLINARY HISTORY	20
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	20
ITEM 11. CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	21
ITEM 12. BROKERAGE PRACTICES	38
ITEM 13. REVIEW OF ACCOUNTS	41
ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION	41
ITEM 15. CUSTODY.....	42
ITEM 16. INVESTMENT DISCRETION	42
ITEM 17. VOTING CLIENT SECURITIES	42
ITEM 18. FINANCIAL INFORMATION	43
ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS	43

PLEASE RETAIN THIS BROCHURE FOR YOUR RECORDS.

Item 4. ADVISORY BUSINESS

Sands Capital Ventures is an investment adviser that was formed in October 2010 as a wholly-owned subsidiary of Sands Capital Management, LP (“*Sands Capital LP*”). An affiliate of Sands Capital LP, Sands Family Trust, LLC, serves as the manager of Sands Capital Ventures. The ownership structure of Sands Capital LP is described in *Item 10*.

Sands Capital Ventures provides investment advisory and management services to pooled investment vehicles (the “*Funds*”) that are exempt from registration under the U.S. Investment Company Act of 1940, as amended (the “*1940 Act*”), and whose securities are not registered under the U.S. Securities Act of 1933, as amended (the “*Securities Act*”), primarily regarding venture capital, growth equity and related investments. Sands Capital Ventures’ investment strategy and methods of analysis are described in *Item 8*. As the investment adviser or sub-investment adviser of each Fund, Sands Capital Ventures and its affiliates identify investment opportunities for, and participate in the acquisition, management, monitoring and disposition of investments of, each Fund.

Sands Capital Ventures focuses its investment research and due diligence efforts across geographies and industries, including life sciences, technology and consumer. The Funds invest in businesses across stages, principally from seed through late-stage growth equity. The Funds may also invest in their portfolio companies’ initial public offerings and thereafter in secondary public market transactions or public or private follow-on offerings. Such investments take the form of privately negotiated instruments, including unregistered equity from both U.S. and non-U.S. issuers, and in some instances, publicly traded securities. Some of the Funds also invest in investment funds managed by unaffiliated third parties that target principally venture capital and/or growth equity investments. Sands Capital Ventures’ investment advisory services are performed in accordance with the advisory agreement and/or organizational documents of each Fund and subject to the direction and control of the general partner of each Fund, if any. Investment advice is provided directly to the Funds and not individually to the investors in the Funds.

Any restrictions on investments in certain types of securities are established by the general partner of a Fund and are set forth in the documentation received by an investor prior to investment in the Fund. Once invested in a Fund, investors cannot impose restrictions on the types of securities in which a Fund may invest.

In the closed-ended funds managed by Sands Capital Ventures, investors in such a Fund generally have no right to redeem their interests in such Fund prior to the expiration of its term, and can obtain liquidity only upon the termination of the Fund or a partial disposition of its investments. In the open-ended funds managed by Sands Capital Ventures, investors are permitted to periodically redeem their interests in such Fund, subject to the terms set forth in the organizational documents of such Funds, which include significant restrictions on the timing and amount of redemptions.

Sands Capital Ventures had assets under management of approximately \$864,230,603 as of March 30, 2020.

Item 5. FEES AND COMPENSATION

Sands Capital Ventures or its affiliates generally receive Management Fees (as defined below) and incentive allocation or similar performance-based remuneration from a Fund. A Fund, and/or

its portfolio companies may also make other payments to Sands Capital Ventures or its affiliates for services provided to the portfolio companies, which, in certain circumstances, would reduce the Management Fees payable to Sands Capital Ventures. Additionally, consistent with the organizational documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by Sands Capital Ventures in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

Management Fees

Investors in a Fund typically are indirectly subject to an investment management fee payable by the Fund to Sands Capital Ventures as the investment manager of the Fund equal to a percentage of the capital commitments to, the capital invested by, or the fair value of some or all of the investments of such Fund (the “*Management Fee*”). The Management Fee is paid by the Fund quarterly in advance and, in the case of the closed-ended Funds, is reduced during the life of a Fund. The Management Fee is also reduced by certain other fees, if any, received by Sands Capital Ventures or its affiliates and certain operational and transaction expenses or by certain organizational or other expenses borne by a Fund, as described below in more detail. The precise amount of, and manner and calculation of, the Management Fee are established by Sands Capital Ventures and are set forth in a Fund’s organizational documents received by an investor prior to investment in a Fund. The Management Fee is not generally negotiable, although the Funds may, but do not currently (except as described below), charge different rates depending on the size of investment or, if consistent with the applicable Fund’s organizational documents, reduce or waive the Management Fee with respect to certain investors. Additionally, Management Fee rates currently and may in the future differ from one Fund to another, and certain Funds grant investors the ability to choose among different Management Fee rate options that correspond to different incentive allocation percentages. The fee structures described herein may be modified from time to time. Upon termination of an advisory agreement, Management Fees that have been prepaid are generally returned on a prorated basis.

Generally, Sands Capital Ventures’ personnel, affiliates and other “friends and family” of Sands Capital Ventures (“*Adviser Investors*”) who invest in a Fund will not be subject to a Management Fee. Notwithstanding that Adviser Investors will not generally pay a Management Fee, Adviser Investors (or Sands Capital Ventures or its affiliates on their behalf) will bear their *pro rata* share of certain Fund expenses. In addition, and in accordance with the applicable Fund’s organizational documents, Sands Capital Ventures has entered into and anticipates entering into letter agreements or other similar agreements (collectively, “*Side Letters*”) with one or more investors that provide such investors with additional and/or different rights (including, without limitation, with respect to Management Fees) than provided in the governing documents of the Funds.

The Management Fee paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) the fees incurred by Sands Capital Ventures in connection with the organization of such Fund that exceed a limit specified in such Fund’s organizational documents and/or (3) certain Other Fees (as defined below) received by Sands Capital Ventures or its affiliates. The amount and manner of such reduction, if any, is set forth in the organizational documents of the applicable Fund. To the extent a reduction relates to more than one Fund, Sands Capital Ventures shall allocate the resulting Management Fee reduction among the applicable Funds in proportion to their interest (or prospective interest) in the portfolio

company(ies) to which the reduction relates. As some Funds or co-investment vehicles may not pay Management Fees, any such reduction will not benefit such Funds or vehicles. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Management Fees will be retained by Sands Capital Ventures and such amounts will not offset any Management Fee.

In addition, Sands Capital Ventures may waive or reduce all or a portion of the Management Fee paid by a Fund in full or partial satisfaction of any obligation of Sands Capital Ventures and certain employees and affiliates of Sands Capital Ventures to invest in and alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Management Fees may not be subject to various offsets or the reductions described above. Due to waived or reduced Management Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when Sands Capital Ventures no longer receives Management Fees and receives compensation that would otherwise be subject to offset, Sands Capital Ventures, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investors).

Other Fees

Fees Payable by the Portfolio Companies

Sands Capital Ventures and its affiliates may perform transaction-related, financial advisory and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales or other dispositions and similar transactions with respect to such portfolio companies (“*Transaction Fees*”).

Sands Capital Ventures and its affiliates may also receive monitoring fees (“*Monitoring Fees*”) pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by Sands Capital Ventures to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals and the payment of Monitoring Fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric).

In addition, Sands Capital Ventures and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company (“*Director Fees*”) and in connection with an unconsummated transaction (“*Break-Up Fees*” and, together with Transaction Fees, Monitoring Fees and Director Fees, the “*Other Fees*”). The amount and timing of Break-Up Fees received by Sands Capital Ventures are generally specified in the agreement or other documentation governing the transaction.

Generally, under the terms of the applicable organizational documents, for purposes of calculating any Management Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by Sands Capital Ventures in connection with consummated or unconsummated transactions or in connection with generating any such fees. Other Fees may be substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or

otherwise. Although Other Fees are earned separately from and in addition to the Management Fees, Sands Capital Ventures will in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of such Other Fees in accordance with the organizational documents of the applicable Fund. As some Funds or co-investment vehicles may not pay Management Fees, any such reduction will not benefit such Funds or vehicles.

The payment of Other Fees by portfolio companies will in some, but not all, circumstances create a conflict of interest between Sands Capital Ventures (including its affiliates) and the Funds and/or their investors because the amounts of these Other Fees and reimbursements (see “*Expense Reimbursement*” below) may be substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The amount of such Other Fees and reimbursements will generally not (except in connection with the reductions described herein) be disclosed to investors in the Funds. Sands Capital Ventures may, however, in its discretion, disclose to an investor the amount of Other Fees known or reasonably expected to be received from a particular portfolio company at the time an investment is made. Sands Capital Ventures does not take into consideration whether a portfolio company will pay it or an affiliate an Other Fee when making an investment determination.

With respect to the implementation of the arrangements described above, it is anticipated that there will not be an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such Other Fees and other related terms in the applicable agreement with the portfolio company.

Payments Made to Third Parties

Sands Capital Ventures and its affiliates may engage and retain advisors, consultants, and other similar professionals who are not employees or affiliates of Sands Capital Ventures and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons may be retained by such persons and will not be deemed paid to or received by Sands Capital Ventures and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “*Providers of Operations Support*” in *Item 11* below.

Expense Reimbursement

Additionally, a portfolio company will typically reimburse Sands Capital Ventures for expenses (including, without limitation, travel expenses, which may include expenses for chartered or first class travel, and meals and entertainment expenses, indemnification expenses, certain legal expenses and similar out-of-pocket expenses) incurred by Sands Capital Ventures in connection with its performance of services for such portfolio company. Such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable organizational documents, and such reimbursements are not subject to the sharing arrangements described above.

Expenses

Fund Expenses

Consistent with the organizational documents of the Funds, each Fund bears all expenditures relating to the Fund's activities, investments and business, including, to the extent not paid or reimbursed by a portfolio company or other third-party: (a) all reasonable costs and expenses incurred in connection with the organization of the Fund, including legal and accounting fees, printing costs, travel, accommodation and out-of-pocket expenses, and all costs and expenses incurred in connection with the offering and sale of limited partner interests in the Fund; (b) all reasonable research and due diligence expenses (including news and quotation subscriptions, market or industry research expenses, consultant or expert expenses), legal and administrative, travel and accommodation expenses in connection with sourcing, researching, structuring, negotiating, making and monitoring and disposing of investments, accounting, audit and tax preparation, financing, investment banking, valuation firm and consulting expenses (including expenses of engaging valuation agents), reporting and other out-of-pocket costs relating to the Fund's operations, activities, investments or business and filing and similar fees paid on behalf of the Fund, including such expenses with respect to transactions that are not consummated, investment expenses, including brokerage commissions, custody fees and break-up fees and other "broken deal" costs, to the extent that such expenses are not reimbursed by entities in which the Fund invests or proposes to invest; (c) all custody, administration, transfer, registration and similar expenses incurred by the Fund and all brokerage and finders' fees and commissions and discounts incurred by the Fund in connection with the Fund's operations, activities, investments or business; (d) any and all fees and expenses of the advisory committee, including the out-of-pocket expenses of its members, and all expenses incurred in connection with meetings of the partners, including fees and expenses of joint meetings with investors in other funds and accounts managed by Sands Capital Ventures and its affiliates; (e) any and all fees and expenses incurred in connection with the Fund, the relevant general partner or Sands Capital Ventures' compliance with any regulatory requirements in respect of the Fund; (f) all interest on funds borrowed by the Fund (if any); (g) all extraordinary expenses, such as litigation (including potential litigation) and indemnification costs and expenses, judgments and settlements; (h) all taxes, fees or other governmental charges (if any) required to be paid or withheld by the Fund; (i) all premiums and other reasonable costs relating to indemnity or insurance policies maintained by the Fund, the relevant general partner, Sands Capital Ventures or their affiliates for the benefit of their respective members, partners, stockholders, managers, directors, officers, employees, agents or affiliates; (j) all reasonable audit, tax preparation, mailing and postage, facsimile and printing expenses; (k) the Management Fee; (l) all expenses of liquidating, dissolving and terminating the Fund; and (m) all reasonable expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund.

From time to time, the general partner of a Fund has and may in the future create certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal or regulatory considerations of investors ("SPVs"). In the event the general partner creates an SPV, consistent with the organizational documents of the Fund, the SPV and, indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

Sands Capital Ventures and certain third parties perform administrative services on behalf of the Funds (including, but not limited to, bookkeeping and financial reporting). The Funds will

reimburse Sands Capital Ventures or the relevant third party for any expenses incurred on their behalf. The Funds will pay fees to third parties for such services according to their standard fee schedules, and will reimburse such parties for authorized expenses incurred on behalf of the Funds.

Sands Capital Ventures' Expenses

To the extent provided in the organizational documents of the Funds, Sands Capital Ventures will pay all of its day-to-day operating expenses, including rent, utilities, office supplies, office equipment and salaries and expenses of its respective officers, directors and employees (other than incentive allocation described below), except for the expenses incurred by such persons that may be reimbursed by a Fund pursuant to the terms of the organizational documents of such Fund.

Co-Investment Vehicle Expenses

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate an investment alongside the Fund may be formed in connection with the consummation of a transaction. 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 generally bear its pro rata portion of expenses incurred in the consummation of a transaction.

If a proposed transaction is not consummated, generally no investors will be admitted to such co-investment vehicle and the full amount of any expenses relating to such proposed but not consummated transaction (“*Dead Deal Costs*”) would therefore be borne by the Fund or Funds selected by Sands Capital Ventures as proposed investors in such proposed transaction. Similarly, co-investment vehicles are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction.

Allocation of Expenses

In exercising its discretion to allocate investment opportunities and fees and expenses, Sands Capital Ventures is 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, Sands Capital Ventures has an incentive to allocate investment opportunities to the Funds from which Sands Capital Ventures or its related persons may derive directly or indirectly, a higher fee, compensation or other benefit, or in which persons related to Sands Capital Ventures have invested their own capital.

To the extent not allocated to a portfolio company, Sands Capital Ventures will allocate fees and expenses incurred in the course of evaluating potential investments that are consummated between Funds in accordance with each Fund’s organizational documents or, to the extent not addressed in such organizational documents, in proportion to each Fund’s relative capital subscriptions or on such other basis Sands Capital Ventures believes is fair and equitable, *provided* that such fees and expenses may be shared on a disproportionate basis if Sands Capital Ventures determines, in its discretion, that such disproportionate allocation would be more appropriate or equitable in view of the nature of such fees and expenses.

The appropriate allocation between Funds and funds managed by an affiliate of expenses and fees generated in the course of evaluating and making investments that are not consummated,

such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals may not be clear. In such instances, allocation will be determined by Sands Capital Ventures and its affiliates in their good faith discretion, considering all factors they deem to be relevant. In general, each affiliate responsible for making such decision will participate in the resolution of all such matters using its best judgment in good faith, considering all factors it deems relevant.

Incentive Allocation

Please see *Item 6* below regarding incentive allocation that Funds may pay.

Brokerage Fees

In the event that Sands Capital Ventures chooses to use a broker-dealer in connection with 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

Investors in the Funds are also typically subject to an incentive allocation paid to Sands Capital Ventures or its affiliate equal to a percentage of the net realized gains on the full or partial disposition of the investments held by the Fund, and, for some Funds, also on the realized and unrealized gains on investments in marketable securities that are held by the Fund. Generally, an incentive allocation will be distributed following a full or partial disposition of a Fund's assets, or another liquidity event that gives rise to a distribution by the Fund to the investors. For some Funds, an incentive allocation will be distributed on a periodic basis, as specified each Fund's organizational documents. For closed-end Funds, an incentive allocation will generally only be made with respect to an investor after the investor has received a full return of its capital contributions to the Fund. Although Sands Capital Ventures has never agreed to modify a Fund's incentive allocation structure at the request of an investor, Sands Capital Ventures or its affiliate may in the future separately negotiate terms with individual investors, which may result in an investor being subject to an incentive allocation that is different from those applicable to other investors of the same Fund. The incentive allocation applicable to certain investors may be reduced or eliminated for such period(s) as Sands Capital Ventures or its affiliate determines, in its discretion. Adviser Investors generally will not be subject to an incentive allocation (or may be subject to a reduced allocation), in Sands Capital Ventures' or its affiliate's discretion.

Incentive allocations are based on the net realized appreciation of assets held by a Fund. Such performance-based compensation may create an incentive for Sands Capital Ventures to make investment decisions that are riskier or more speculative than would be the case in the absence of a financial incentive based on performance.

The payment by some, but not all, Funds of an incentive allocation, or the payment of incentive allocations at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for Sands Capital Ventures to disproportionately allocate time, services or functions to Funds paying incentive allocations or Funds paying incentive allocations at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by

(i) certain limitations on the ability of Sands Capital Ventures to establish new investment vehicles, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Additionally, Sands Capital Ventures periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund.

Sands Capital Ventures monitors the investments held by the Funds on an ongoing basis and will endeavor to ensure that it is appropriate to continue holding each investment without regard to the potential for performance-based compensation. In addition, each investor bearing an incentive allocation is required to represent that it is a “*qualified client*” within the meaning of Rule 205-3 under the U.S. Investment Advisers Act of 1940, as amended (the “*Advisers Act*”).

Item 7. TYPES OF CLIENTS

Sands Capital Ventures’ clients consist of the Funds. 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 “*accredited investors*” as defined in Regulation D under the Securities 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. Subscription and capital commitment minimums are disclosed in the governing documents of the Funds and are, at times, waived for certain investors in Sands Capital Ventures’ discretion.

Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Fundamental, bottom-up, company-focused research is the core of Sands Capital Ventures’ investment process. Sands Capital Ventures uses input from various methods of security analysis and various combinations of methods in rendering investment advisory services. Sands Capital Ventures’ methods of security analysis include general market, specific industry, or individual security technical or trend analysis. Sands Capital Ventures’ investment professionals often conduct on-site visits with senior management of companies it regards as potential investments.

Identification of Investments

Sands Capital Ventures’ principal sources of information include company-prepared and disseminated information, physical inspections of corporate offices, plants, and other assets, discussions with corporate management, research materials prepared by others, scientific and medical literature, and discussions with consultants, physicians, scientists, or others concerning underlying technology. Sands Capital Ventures’ uses input from various methods of security analysis and various combinations of analytical methods.

Targeted Investment Characteristics

Sands Capital Ventures focuses its investment research primarily on venture capital, private equity and related investments, across stages, from seed through late-stage growth capital, and in some cases, on publicly traded companies. Sands Capital Ventures evaluates businesses in varying stages of development, with a preference for revenue-generating businesses with validated technologies and platforms and with an identifiable path to profitability. Sands Capital Ventures may

identify businesses that span various stages of financing, ranging from non-revenue-producing businesses to profitable businesses seeking growth capital.

Sands Capital Ventures may identify investment opportunities in domestic and foreign equity securities, including preferred and convertible stock as well as common stock of any type. Sands Capital Ventures may also from time to time identify investments in secured or unsecured debt, convertible debt, options, warrants, rights, or such other securities as it deems advisable.

As specified in the organizational documents of certain Funds, Sands Capital Ventures may have the flexibility to engage its affiliate, Sands Capital Management, LLC, a SEC-registered investment adviser (“*Sands Capital Management*”), with respect to investments made by certain Funds in the publicly traded securities of certain portfolio companies.

Investment Risks

Investing in securities involves risk of loss, which investors must be prepared to bear; investments of the type targeted by Sands Capital Ventures involve a particularly high level of risk, and clients should be able to bear the loss of all or part of their investment. The risk factors listed below represent a limited summary of the various risks presented by the investment opportunities Sands Capital Ventures identifies. Additional risks associated with an investment in a Fund are disclosed in the offering documents of such Fund.

Risk Inherent in Investments. The investments Sands Capital Ventures identifies will involve a high degree of risk. In general, the financial and operating risks confronting these companies are often significant. While targeted returns should reflect the perceived level of risk in any investment situation, there is no assurance that investors will be adequately compensated for risks taken.

Early stage and development stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies often require substantial amounts of financing, which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage also involve substantial risks. In certain cases, companies have previously obtained capital in the form of debt or equity to expand rapidly, reorganize operations, acquire a business, or develop new products and markets. By definition, these activities involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

Additional Capital Requirements of Portfolio Companies. Certain of the companies Sands Capital Ventures identifies as investment opportunities, especially those in a development or “platform” phase, require additional financing to satisfy their working capital requirements or acquisition strategies. Following its initial investment in portfolio companies, a Fund is often called upon to provide additional funds to portfolio companies or will have the opportunity to increase its investment in a portfolio company, including the opportunity to participate in the initial public offerings of such portfolio companies, and in the subsequent purchase of publicly traded shares. Although the Fund may make follow-on investments, there is no assurance that the Fund and its co-

investors will provide all necessary follow-on capital. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the Fund. In addition, a Fund may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the Fund's proportionate ownership when a subsequent financing is planned, or to protect the Fund's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Investment in Companies Dependent Upon New Scientific Developments and Technologies. Investment opportunities will often involve companies developing new technologies or methods. Companies reliant upon the development of new technologies pose certain risks, including:

- rapidly changing science and technologies;
- products or technologies that may quickly become obsolete;
- exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals;
- scarcity of management, technical, scientific, research and marketing personnel with appropriate training;
- the possibility of lawsuits related to patents and intellectual property; and
- changing investor sentiments and preferences with regard to the specific industry sector relevant to the development or technology.

Illiquid Investments. The investments in companies Sands Capital Ventures identifies will primarily be illiquid. Due to the illiquid nature of such investments, Sands Capital Ventures is often unable to predict with confidence what the exit strategy will ultimately be, or that one will become available. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Illiquidity of Portfolio Investments. For Funds that follow a "fund of funds" approach model by investing in one or more pooled investment vehicles that are managed by sponsors unaffiliated with Sands Capital Ventures (each a "*Portfolio Fund*"), contractual limitations will typically restrict such Funds' ability to transfer interests in Portfolio Funds without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. Illiquidity may also result from market conditions which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. In some cases, a Portfolio Fund may also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, the underlying investments of a Portfolio Fund may require a substantial amount of time to liquidate. Consequently, there is a significant risk that Portfolio Funds and portfolio companies will be unable to realize their respective investment

objectives by sale or other disposition of their securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which portfolio companies are located or in which they conduct their business. In addition, the illiquid nature of portfolio investments may result in the applicable Fund not realizing all investments prior to the expiration of the term of the Fund.

Risk of Loss – Fund of Funds. Funds that follow a “fund of funds” approach are intended for long-term investment by limited partners who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. The possibility of partial or total loss of capital of such Portfolio Funds exists, and prospective limited partners should not subscribe unless they can readily bear the consequences of such loss. Illiquidity may result from the absence of an established market for portfolio companies of Portfolio Funds, as well as from legal or contractual restrictions on the resale of portfolio investments by the Funds or on the resale of portfolio companies by Portfolio Funds. For example, there may be little, or no near-term cash flow distributed by the Portfolio Funds. Since the amount and timing of such Funds’ cash distributions to investors are dependent in part upon the cash flow that such Funds receive from the Portfolio Funds, such Funds will likely distribute little or no cash in the near term. Even if such Funds portfolio investments prove successful, they are unlikely to produce a realized return to investors in the Funds for a period of years.

Risk of Loss - General. The strategies Sands Capital Ventures employs in the Funds (and, the strategies that managers of Portfolio Funds, as relevant, employ) and the financial instruments used to implement those strategies are highly speculative. The strategies may not be successful in meeting their performance objectives, and potential clients and fund investors should not invest with Sands Capital Ventures unless they can bear the risk of a complete loss of their capital. There is no assurance that the strategies will be able to generate returns or that the returns will be commensurate with their inherent risks. The past investment performance of any Funds cannot be taken to guarantee future results of those or any other Funds.

Non-controlling Investments. The Funds are likely to hold non-controlling interests in portfolio companies and, therefore, often have a limited ability to protect their position in such portfolio companies in part due to lack of operational involvement.

Concentration of Investments. The Funds’ investment portfolios are not constructed to achieve a specific kind of diversification. While diversification among industries and geographies is a consideration, from time to time a Fund’s portfolio may be heavily concentrated in a single position or a particular industry. Further, there is no limitation on the level of concentration of investments in any geographic region. All such concentration increases the risk of loss to a Fund in the event of a decline in the market value of any security or sector in which a Fund has invested a large percentage of its assets, or in the event of a market disruption in a geographic region in which a Fund has invested a large percentage of its assets.

Investments Longer than Term. Funds that are structured as closed-end funds may make investments that, due to various reasons, may not be capable of an advantageous disposition prior to the date such Fund is required to be dissolved, either by expiration of the Fund’s term or otherwise. Such Fund may be required to sell, distribute in kind or otherwise dispose of investments at a

disadvantageous time as a result of dissolution. No assurance can be given in any such circumstances that such Fund will have received a return of its invested capital or that such Fund will otherwise be able to exit its investments by sale or other disposition (at attractive prices or at all)

Potential for Unexpected Risks. In researching potential investments, Sands Capital Ventures will in many instances rely on materials created or provided by a company or its affiliates. Such materials are often provided on an “as-is” basis, and Sands Capital Ventures has a limited ability to verify the information they contain. There is no assurance that the information provided to Sands Capital Ventures will fairly represent the business, operations and financial outlook of a potential investment. As a result, it is often difficult to identify, assess and quantify with confidence the risks involved in an investment in the company. These unforeseen and unidentified risks could have an adverse effect on the investment.

Market Conditions. During certain periods, the financial sector has experienced an unusually high degree of volatility in the financial markets. Market turbulence may have an adverse effect on the investments we identify. 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. Continued or renewed volatility in the financial sector or the economy generally may have a material adverse 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 Sands Capital Ventures 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.

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 portfolio companies. The COVID-19 outbreak may adversely affect the Funds’ ability to dispose of their investments as buyers retrench from pursuing investment opportunities due to the prolonged economic uncertainty. The applicability, or lack thereof, of force majeure provisions could also come into question in connection with contracts that the Funds and their portfolio companies have entered into, which could ultimately work to their detriment. To the extent an epidemic, including COVID-19, is present in jurisdictions in which Sands Capital Ventures has offices or other operations or investments, it could affect the ability of Sands Capital Ventures to operate effectively, 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, in response to the COVID-19 outbreak, several industry conference sponsors and venues have suspended or cancelled events due to concerns over the spread of COVID-19. Events have also been impacted by the implementation of U.S. federal and state and non-U.S. governmental actions, as well as voluntary and involuntary travel restrictions. Attendance by Sands Capital Ventures, its employees and affiliates at industry conferences and events is an important component of Sands Capital Ventures’ investment-sourcing strategy. Private and governmental efforts to prevent the further spread of COVID-19 through travel restrictions and cancellation or suspension of industry events may adversely affect Sands Capital Ventures’ ability to source potential investment

opportunities for the Funds and to gain meaningful insights in order to properly evaluate the risk/reward potential of investing in a particular industry sector or market. The Funds and their portfolio companies may also suffer losses and other adverse impacts if travel and other COVID-19-related disruptions continue for an extended period of time. In addition, Sands Capital Ventures' personnel and personnel of critical service providers to Sands Capital Ventures 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 Sands Capital Ventures' ability to satisfy its obligations to the Funds, their investors, and pursuant to applicable law. The spread of COVID-19 among Sands Capital Ventures' personnel has the potential to significantly affect Sands Capital Ventures' 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.

Equity Securities. The investments Sands Capital Ventures identifies will usually be in equity securities. Investment in equity securities offers the potential for substantial capital appreciation. However, it also involves certain risks, including issuer, industry, market, dilution and general economic related risks. While offering greater potential for long-term growth, equity securities are more volatile and risky than some other forms of investment.

Options and Warrants. In addition to equity securities, in certain circumstances an investment opportunity may also involve options or warrants.

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium.

Warrants can be more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights, nor do they represent any rights in the assets of the issuing company. Investment in warrants involves certain additional risks, including the possible lack of a liquid market for the resale of the warrants, potential price fluctuations as a result of speculation or other factors, and failure of the price of the underlying security to reach a level at which the warrant can be prudently exercised (in which case the warrant may expire without being exercised, resulting in the loss of the entire investment).

Convertibles. An investment may also involve debt securities, preferred stock, or other securities that may be converted into common or other stock (convertibles). Convertibles typically accrue current income as either interest (debt security) or dividends (preferred stock). A convertible's value usually reflects both the stream of current income payments and the value of the underlying stock. The market value of a convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible usually falls. Since it is convertible into stock, a convertible generally has the same types of market and issuer risk as the underlying stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risk, credit spread expansion and ultimately default risk. Convertibles are also prone to liquidity risk, as demand can dry up periodically and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a convertible than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the convertible is preferred stock. However, convertibles usually have a claim prior to the issuer's common stock. In addition, for some convertibles, the issuer can choose when to convert to common stock, or can "call" (redeem) the convertible, which may be at times that are disadvantageous.

Reliance on Portfolio Company Management. The day-to-day operations of a portfolio company are the responsibility of such company's management team. Although Sands Capital Ventures will monitor the performance of portfolio companies and generally will seek to invest in companies operated by capable management, there can be no assurance that an existing management team, or any successor team, will be able to successfully operate a portfolio company in accordance with Sands Capital Ventures' strategy.

Primary Investment Risk. For Funds that follow a "fund-of-funds" approach, the underlying investments made by the Portfolio Funds may involve highly speculative investment techniques, including high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. The Portfolio Funds generally will not have commenced operations and, accordingly, will have no operating history upon which the Sands Capital Ventures may evaluate their likely performance. Historical performance of the managers of Portfolio Funds is not a guarantee or prediction of their future performance. The Funds will not have the opportunity to evaluate the relevant economic, financial and other information which will be used by the Portfolio Funds in their selection, structuring, monitoring and disposition of assets. In addition, the Funds generally will not have the right to participate in the day-to-day management, control or operations of Portfolio Funds, nor will they generally have the right to remove the sponsors of the Portfolio Funds.

Additionally, such the Funds generally will not have the right to participate in the day-to-day management, control or operations of the Portfolio Funds, nor will they have the right to remove the managers thereof. The Funds also will not necessarily have the opportunity to evaluate the relevant economic, financial and other information which the Portfolio Funds utilize in selecting, structuring, monitoring and disposing of their portfolio companies. The success of such Funds will be substantially dependent upon the capabilities and performance of the managers of the Portfolio Funds and portfolio companies, which may include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds.

Board Participation. Employees of Sands Capital Ventures will serve as directors of some of the Funds' portfolio companies and, as such, will have duties to persons other than the investing Fund. Although holding board positions may be important to a Fund's investment strategy and may enhance the ability of a Fund to manage investments, director seats may also have the effect of impairing a Fund's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the investing Fund, its general partner and Sands Capital Ventures' personnel to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. In general, the Funds will indemnify the general partner, the Sands Capital Ventures and relevant employees from such claims. In addition, it is possible that employees of Sands Capital Ventures may serve as directors of publicly traded companies in a Fund's investment portfolio. In the event that an employee serving as a director is exposed to material, nonpublic information with respect to a particular company, the

Funds may be prohibited for periods of time from purchasing or selling the securities of such company. Such restrictions may have an adverse effect on the value of the investments of the relevant Fund.

Emerging Markets. Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war; (c) dependence on exports and the corresponding importance of international trade; (d) price fluctuations, less liquidity and smaller capitalization of securities markets; (e) currency exchange rate fluctuations; (f) rates of inflation; (g) controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (h) governmental involvement in and control over the economies; (i) that governments may decide not to continue to support economic reform programs generally and could impose centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less extensive regulation of the securities markets; (l) the settlement period of securities transactions in non-U.S. markets may be longer; (m) less developed laws regarding fiduciary duties of officers and directors, the protection of investors and the enforcement of contractual obligations; and (n) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. subcustodians and securities depositories.

Non-U.S. Securities. Investing in securities of non-U.S. companies involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Foreign Currency and Exchange Rate Risks. A Fund's assets and income may be denominated in various currencies. Contributions and distributions, however, are denominated in U.S. dollars. As a result, the return of a Fund on any investment may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of local currencies, inflationary pressures, and the success of the investment itself. The Funds may, but does not expect to, engage in hedging against currency risk. In addition, a Fund may incur costs in connection with conversions between various currencies.

Foreign Tax Risk. While the Funds typically attempt to structure their investments to minimize taxes in non-U.S. jurisdictions, there is no guarantee that such efforts will be successful, and, as such, the Funds may be subject to non-U.S. withholding or other taxes, duties, or levies. In addition, there may be changes in tax laws in the United States or in non-U.S. jurisdictions or interpretations of such tax laws adverse to the Funds. There can be no assurance that the structure of the Funds or of any investment will be tax-efficient.

Valuation of Assets. There is no actively traded market for many of the securities owned by the Funds. When estimating fair value for such securities, Sands Capital Ventures will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and

circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Sands Capital Ventures. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information is often not available regarding certain of a Fund's assets or, if available, may not be relied upon. With respect to the Funds, the exercise of discretion in valuation by Sands Capital Ventures will give rise to conflicts of interest, as the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

Cybersecurity Risk. Sands Capital Ventures, 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 Sands Capital Ventures 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 have attempted to improperly access, modify, disrupt the operations of, or prevent access to these systems of Sands Capital Ventures, the Funds' service providers, counterparties or data within these systems. Third parties have attempted to fraudulently induce employees, customers, third-party service providers or other users of the Sands Capital Ventures' systems to disclose sensitive information in order to gain access to Sands Capital Ventures' data or that of the Funds' investors. A successful penetration or circumvention of the security of the Sands Capital Ventures' 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, Sands Capital Ventures or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

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

Risks Relating to Investment in and Disposition of Portfolio Companies. For Funds following the "fund of funds" approach, in connection with an investment in a portfolio company of a Portfolio Fund, the Fund or a Portfolio Fund may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if the Fund or a Portfolio Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Fund or Portfolio Fund, including the remaining commitments of investors in the Fund or investors in the Portfolio Fund.

In connection with the disposition of an investment in a portfolio company of a Portfolio Fund, the Fund or a Portfolio Fund may be required to make representations about the business and

financial affairs of such portfolio company typical of those made in connection with the sale of any business. The Fund may also be required to indemnify the purchasers of such investment in such portfolio company to the extent that any such representations or warranties turn out to be inaccurate or misleading. These arrangements may result in liabilities for the Fund directly or indirectly through the Portfolio Fund, depending upon recontribution obligations owed to the Portfolio Fund.

Commitments to Underlying Funds in Excess of Capital Commitments to the Fund. For Funds following the “fund of funds” approach, such Funds may make commitments to Portfolio Funds in excess of the total capital committed to such Funds. As a result, in certain circumstances, such a Fund may need to retain distributions from, or proceeds from the disposition of an interest in, a Portfolio Fund, or recall distributions previously made to investors of the Fund, borrow funds or, if necessary, liquidate some or all of its portfolio investments, including prematurely at potentially significant discounts to market value, if such Fund does not generate sufficient cash flow from its portfolio investments in order to satisfy such Fund’s obligations in respect of these commitments.

Item 9. DISCIPLINARY HISTORY

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of their advisory business or the integrity of their management. Sands Capital Ventures has no such events and therefore no information to disclose pursuant to this item.

Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Sands Capital LP is the sole member of Sands Capital Ventures, and Sands Family Trust, LLC is the manager of Sands Capital Ventures. In addition, affiliates of Sands Capital Ventures serve as general partners of the Funds as well as private funds advised by Sands Capital Ventures’ affiliate Sands Capital Management.

Sands Capital Ventures has entered into a services agreement with Sands Capital Management, pursuant to which Sands Capital Management is providing the personnel and resources to conduct Sands Capital Ventures’ business. Certain investors doing business with Sands Capital Management are investors in the Funds or investment vehicles operated by Sands Capital Ventures, and vice versa. Sands Capital Ventures and Sands Capital Management refer potential investors to each other from time to time. Sands Capital Management and its affiliates and their officers and employees invest, and may in the future invest, in the Funds or on a side-by-side basis through separate investment vehicles, and, subject to the governing documents of the Funds, may invest in opportunities that are not presented to the Funds or their investors. In the event the securities issued by a portfolio company in which Sands Capital Ventures’ clients, officers, employees or affiliates have indirectly invested become listed on a national securities exchange, Sands Capital Management may invest, and has invested, in such securities for its client accounts. For a description of potential material conflicts of interest created by the relationship among Sands Capital Ventures and its related persons, as well as a description of how such potential conflicts are addressed, please see *Item 11* below.

Sands Capital LP is the majority owner of Sands Capital Management. Sands Family Trust, LLC, the general partner of Sands Capital LP, owns a nominal interest in Sands Capital Management

and serves as Sands Capital Management's manager. Officers and employees of Sands Capital Management own interests in Sands Capital LP.

Sands Capital LP is controlled by two limited liability companies, each of which own less than fifty percent of Sands Capital LP. Frank M. Sands, Sr. ultimately controls one of these limited liability companies; Frank M. Sands, Jr. ultimately controls the other.

Item 11. CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Personal Trading

Sands Capital Ventures has adopted a code of ethics in compliance with the Advisers Act that is applicable to all of its members, principals, employees and other personnel, as well as principals, employees and other personnel of its affiliates and certain independent contractors. The code of ethics is designed to comply with Rule 204A-1 under the Advisers Act and is based on the principle that Sands Capital Ventures and its personnel owe a fiduciary duty to Sands Capital Ventures' clients. The code of ethics establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. The code of ethics helps Sands Capital Ventures detect and prevent potential conflicts of interest.

Sands Capital Ventures' code of ethics permits Sands Capital Ventures personnel to trade in securities for their own accounts, *provided* that they comply with the restrictions imposed by the code. Under the code, personal securities transactions must receive approval before a transaction can be initiated. The code also requires periodic reporting of personal securities transactions and holdings. Each calendar quarter, Sands Capital Ventures personnel are required to provide copies of all transactions in covered securities to Sands Capital Ventures' or its affiliate's Chief Compliance Officer (or his or her delegate).

Principals, employees or other personnel who violate the code of ethics will be subject to such sanctions as deemed necessary and appropriate under the circumstances. The range of sanctions include, but are not limited to, written warning or reprimand, cancellation of trades, disgorgement of profits or sale of positions at a loss, restriction on trading privileges, fines, suspension of employment without pay, termination of employment and/or referral to regulatory or law enforcement authorities. Principals, employees or other personnel are also required to promptly report any violations of the code of ethics of which they become aware, and certify annual compliance with the code of ethics.

Investors in the Funds may request a copy of the Sands Capital Ventures' code of ethics by contacting the Chief Compliance Officer at (703) 562-5293, writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209, or emailing jgoodman@sandscap.com.

Material Non-Public Information. Sands Capital Ventures personnel at times comes into possession of material non-public information through a number of means, including as a result of sitting on or serving as an observer to the board of directors of a company whose securities are held by a Fund. Sands Capital Ventures has adopted policies addressing the handling and protection of material non-public information. In accordance with these policies, Sands Capital Ventures and its personnel will be prohibited from using material non-public information to buy or sell securities until the information has been disclosed to the public or is no longer material and such information

is not subject to any contractual restrictions on its use and disclosure. This may cause Sands Capital Ventures to be unable to dispose of or otherwise take action with respect to an investment at a given time, even if the action were in the best interests of applicable Funds.

Restricted List. In certain circumstances, Sands Capital Ventures or its affiliate may conclude that a particular security should be placed on a “*restricted list*” or “*blackout list*.” While a security is on this list, purchases, sales, or other transactions in the security must be pre-cleared with Sands Capital Ventures’ or its affiliate’s Chief Compliance Officer (or his or her delegate). The reasons for placing a security on the restricted list include, but are not limited to, (i) preventing the appearance of impropriety in connection with a trading decision, and (ii) preventing the misuse, or appearance of the misuse, of material non-public information.

Participation or Interest in Client Transactions

From time to time, Sands Capital Ventures or its principals or employees will purchase, hold or sell securities that are recommended to clients. In particular, this will be the case where Sands Capital Ventures or its principals or employees invest in a Fund managed by Sands Capital Ventures or its affiliates and receive a distribution of securities from such a vehicle. Dispositions of the securities described above by Sands Capital Ventures or its principals or employees would be subject to the policies and procedures set forth in Sands Capital Ventures code of ethics.

Sands Capital Ventures’ related persons have invested, and will likely invest in the future, in a Fund alongside other investors as direct investors in the Funds or in investment opportunities on a side-by-side basis with a Fund. A Fund, or its general partner, as applicable, has in the past and may in the future reduce all or a portion of the Management Fee and incentive allocation related to investments held by such persons. Related persons who invest in a Fund will receive distributions in respect of their pro rata interest at the same time as other investors, and their interest will be subject to the same limitations on withdrawal pursuant to the Fund’s governing documents. Related persons who invest alongside a Fund will make their respective investments contemporaneously with the Fund’s investment, on the same terms and conditions as the Fund, and will dispose of each such investment at substantially the same time and terms as the Fund. For further details regarding these arrangements, as well as conflicts of interests presented by them, please see “*Conflicts of Interest*” immediately below.

Conflicts of Interest

Sands Capital Ventures and its affiliates (including Sands Capital Management) engage in a broad range of activities, including investment activities for their own accounts and for the accounts of other investment funds, and provide transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time conflict with the interests of Sands Capital Ventures, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how Sands Capital Ventures addresses such conflicts of interest, can be found below.

Resolution of Conflicts

In the case of all conflicts of interest, Sands Capital Ventures’ determination as to which factors are relevant, and the resolution of such conflicts, will be made using Sands Capital Ventures’

best judgment, but in its sole discretion. In resolving conflicts, Sands Capital Ventures will 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:

- a Fund will not make an investment unless Sands Capital Ventures believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the organizational documents for the Funds;
- generally, each Fund has the right to establish an advisory committee, consisting of representatives of investors not affiliated with Sands Capital Ventures. The advisory committees, if established, would meet as required to consult with Sands Capital Ventures as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, Sands Capital Ventures will be guided by its good faith discretion; for some Funds, Sands Capital Ventures has the right to refer certain conflicted transactions, including principal transactions, to an “*independent representative*” whose determinations will be binding on the Funds;
- where Sands Capital Ventures 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;
- 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; and
- Sands Capital Ventures and certain of its affiliates have adopted written policies establishing information “walls” designed to guard against unlawful and inappropriate disclosure of material, nonpublic information among Sands Capital Ventures and its affiliates.

Conflicts of Interest

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 of interest that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and in the offering documents of each Fund, and the brochure and such offering documents should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients

In connection with its investment activities, Sands Capital Ventures 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 following:

- the Funds;
- 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 investors in such co-investment vehicles may include Adviser Investors and/or individuals and entities that are not investors in any Funds (collectively, “*Third Parties*”));
- Adviser Investors and/or Third Parties, including Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s) or who are acting as “co-sponsors” with Sands Capital Ventures with respect to a particular transaction; and
- Affiliates of Sands Capital Ventures, including Sands Capital Management, and their clients.

Sands Capital Ventures’ discretion in providing access to investments could result in a conflict of interest, as Sands Capital Ventures may have an incentive to allocate the most promising investments to Adviser Investors, or Third Parties it believes could provide Sands Capital Ventures or its affiliates with some strategic benefit. Sands Capital Ventures believes, however, that this potential conflict will not be of significance because the governing documents of the Funds specify any restrictions and procedures relating to the allocation of investment opportunities, and Sands Capital Ventures will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “*Investment Allocation Requirements*”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are generally set forth in the instrument under which the Fund was established (such as a Fund’s organizational documents). To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures or otherwise allow Sands Capital Ventures discretion in making allocation decisions among the Funds, Sands Capital Ventures will follow the process set forth below.

Sands Capital Ventures must first determine which Funds will participate in an investment opportunity. Sands Capital Ventures assesses whether an investment opportunity is appropriate for a particular Fund 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, Sands Capital Ventures determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund. Possible restrictions include, but are not limited to:

- Sands Capital Ventures may be required to offer an investment opportunity to one or more Funds, and such a requirement will generally be set forth in a Fund’s organizational documents;
- Sands Capital Ventures 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;

- Sands Capital Ventures may determine that certain Funds should be excluded from an allocation for portfolio construction purposes, because of capital constraints or to mitigate certain risks, such as risk related to industry, geography or growth stage concentration; and
- Sands Capital Ventures 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 that will participate in a particular investment have been identified, Sands Capital Ventures, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, Sands Capital Ventures 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;
- each Fund's liquidity and reserves;
- each Fund's diversification, including based on the industry, geography or growth stage of the company;
- amount of capital available for investment by each Fund;
- geography and nature of the portfolio company's business;
- each Fund's ability to scale the investment;
- each Fund's targeted rate of return;
- stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- composition of each Fund's portfolio;
- the suitability as a follow-on investment for a current portfolio company of a Fund;
- the availability of other suitable investments for each Fund;
- risk considerations;
- cash flow considerations;
- asset class restrictions;
- industry and other allocation targets;
- minimum and maximum investment size requirements;
- tax implications;
- legal, contractual or regulatory constraints; and

- any other relevant limitations imposed by or conditions set forth in the organizational documents of each Fund.

Sands Capital Ventures 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 or (ii) the profitability of any Fund. Additionally, investments sourced by an affiliate of Sands Capital Ventures that is appropriate for one or more clients advised by such affiliate may first be made available to one or more of such clients.

Subject to the requirements of the code of ethics, Sands Capital Ventures and its principals, employees and other affiliates, either directly or through investment vehicles, often invest in certain of the Funds. Such interests will vary Fund by Fund. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Allocation of Co-Investment Opportunities and Secondary Transactions

Sands Capital Ventures will determine if the amount of an investment opportunity exceeds the amount Sands Capital Ventures determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to Sands Capital Ventures and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by Sands Capital Ventures to be in the best interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' organizational documents and as set forth in the following paragraphs.

In general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Sands Capital Ventures or its related persons or other participants in the applicable transaction (such as co-sponsors), (iii) co-investment opportunities may be offered to some and not other investors in the Funds (or one or more investors in some Funds but not investors in other Funds), in the sole discretion of Sands Capital Ventures or its related persons, and investors may be offered a smaller amount of co-investment opportunities than originally requested, (iv) certain persons other than investors in the Funds will likely from time to time be offered co-investment opportunities, in the sole discretion of Sands Capital Ventures or its related persons, and (v) co-investors will generally purchase their interests in a portfolio company at the same time as the Funds but may, on occasion, purchase their interests from the applicable Fund(s) after such Fund(s) have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require Sands Capital Ventures to notify the recipients of such acknowledgements if there is a co-investment opportunity.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the potential co-investors, Sands Capital Ventures may consider some or all of a wide range of factors, which include, but are not limited to, one or more of the following:

- Sands Capital Ventures' evaluation of the size and financial resources of the potential co-investor and Sands Capital Ventures' perception of the ability of that potential co-investor (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- any confidentiality concerns Sands Capital Ventures has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investor to evaluate the investment opportunity;
- Sands Capital Ventures' perception of its past experiences and relationships with the potential co-investor, such as the willingness or ability of the potential co-investor to respond promptly and/or affirmatively to potential investment opportunities previously offered by Sands Capital Ventures;
- Sands Capital Ventures' perception of whether the investment opportunity may subject the potential co-investor to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- Sands Capital Ventures' evaluation of whether the profile or characteristics of the potential co-investor may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- whether Sands Capital Ventures believes, in its sole discretion, that allocating investment opportunities to a potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or Sands Capital Ventures.

Sands Capital Ventures' exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While Sands Capital Ventures will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Sands Capital Ventures is subject, discussed herein, did not exist.

In the event Sands Capital Ventures determines to offer an investment opportunity to co-investors, there can be no assurance that Sands Capital Ventures will be successful in offering a co-

investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund, or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. In the event that Sands Capital Ventures is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

In addition, to the extent Sands Capital Ventures 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, Sands Capital Ventures will do so in its sole discretion, generally taking into account the following factors:

- Sands Capital Ventures' evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- Sands Capital Ventures' 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 Sands Capital Ventures;
- whether the potential purchaser would subject Sands Capital Ventures, 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.

A purchaser's potential investment into another Fund (including any commitment to a future Fund) may be considered, but will not be the sole determining factor considered by Sands Capital Ventures in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

Conflicts Related to Purchases and Sales

As described in *Item 10*, certain of Sands Capital Ventures' investment adviser affiliates (including Sands Capital Management), have their own clients. Although these affiliates focus primarily on different investment strategies than Sands Capital Ventures, clients of Sands Capital Ventures and these affiliates have in the past and may in the future invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Investment opportunities may, from time to time be appropriate for Funds and may, from time to time, be appropriate for clients of an affiliate at the same and/or at different or overlapping levels of a portfolio company's capital structure. For instance, in the event the securities issued by a portfolio company in which a Fund has invested becomes listed on a national securities exchange, Sands Capital Management may invest, and has invested, in such securities for its client accounts. In such

instances, Sands Capital Management will generally continue its trading activities without reference to positions held by a Fund. Such trading activities may therefore have an adverse effect on the value of the positions held by the Fund, or may result in such affiliates having interests adverse to those of the Fund. Sands Capital Management (and its clients) are not prohibited from purchasing or selling securities of or otherwise investing in or financing issuers in which a Fund has an interest. Conversely, the Funds managed by Sands Capital Ventures are not prohibited from purchasing or selling securities of, or otherwise investing in or financing issuers in which clients of Sands Capital Management have an interest. Conflicts arise in determining the terms of investments, especially where a Fund holds equity senior to the equity held by the client of Sands Capital Management or another Fund. Additionally, investments by the Fund in transactions controlled by another Fund or a client of an affiliate may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable to the Fund if it were investing without such other Fund or client of an affiliate. As another example, if another Fund or client of an affiliate is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than the Fund, as an equity owner, may desire. 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.

Further conflicts may arise once the Fund has made an investment in a company in which another Fund or client of an affiliate (including Sands Capital Management) has also invested. For example, questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Fund may or may not provide such additional capital, and if provided, the Fund will supply such additional capital in such amounts, if any, as determined by Sands Capital Ventures. In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of Sands Capital Ventures or its affiliates in a portfolio company will also raise the risk of using assets of a client of Sands Capital Ventures or its affiliates to support positions taken by other clients of Sands Capital Ventures or its affiliates. Sands Capital Ventures and its affiliates will resolve all such conflicts using their best judgment but in their sole discretion.

A Fund has made, and in the future may make, investments in companies or other entities in which employees of Sands Capital Ventures or its affiliates, including members of the investment team (and members of the investment team of Sands Capital Ventures), have a direct or indirect ownership interest. In such cases, there would be an inherent conflict of interest. Employees and related persons of Sands Capital Ventures and its affiliates have made or may make large capital investments in or alongside certain Funds or clients of Sands Capital Ventures' affiliates, and therefore may have additional conflicting interests in connection with these joint investments.

A Fund may, from time to time invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds or clients of Sands Capital Management have invested.

From time to time Sands Capital Ventures will, in its discretion, enter into transactions with a client of an affiliate (including Sands Capital Management), or investors in one or more Funds or in a client of an affiliate, to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, Sands Capital Ventures will consider some or all of the factors listed above under “*Allocation of Co-Investment Opportunities and Secondary Transactions*”. The sales price for such transactions will be mutually agreed to by Sands Capital Ventures, such purchaser(s) and an affiliate of Sands Capital Ventures, if applicable; however, determinations of sales prices involve a significant degree of judgment by Sands Capital Ventures. Although Sands Capital Ventures is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the organizational documents of the applicable Fund(s).

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to applicable organizational documents, Sands Capital Ventures may charge (or may decide not to charge) a co-investor (such as a Fund investor or Third Party) interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

A Fund may become a potential purchaser for a portfolio company (or a portion thereof) held by a client managed by an affiliate. In such circumstances, interests of Sands Capital Ventures’ clients would therefore conflict with the interests of the clients of these affiliates. In general, Sands Capital Ventures and each affiliate of Sands Capital Ventures responsible for making such investment decisions will participate in the resolution of all such matters using its best judgment, considering all factors it deems relevant, but in its sole discretion.

The Funds may also co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take (or block) action in a manner contrary to a Fund’s investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Cross-Transactions

In certain cases, Sands Capital Ventures 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 Sands Capital Ventures 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, Sands Capital Ventures, 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). Sands Capital Ventures 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. Sands Capital Ventures will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and Sands Capital Ventures will not effect any such transaction for any Fund where Sands Capital Ventures is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of Sands Capital Ventures' principal transactions policy, as described below.

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. Sands Capital Ventures or its affiliates has in the past and may, from time to time in the future, act as principal for their own accounts in connection with the Fund's securities transactions, including selling securities as principal to, and buying securities as principal from, investment advisory clients. However, Sands Capital Ventures has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the organizational documents of the Funds generally contain additional restrictions on the ability of the Funds or Sands Capital Ventures to engage in principal transactions.

Management of the Funds

Sands Capital Ventures manages a number of Funds that have investment objectives similar to or overlapping with each other, as well as Funds that may invest in Portfolio Funds that have investment objectives similar to or overlapping with one or more Funds. Sands Capital Ventures expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, overlapping with, or different from, those of the current Funds and possibly Portfolio Funds. Allocation of available investment opportunities between the Funds and any such investment fund will give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients.*" In addition, it is expected that employees of Sands Capital Ventures responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by Sands Capital Ventures, including funds raised in the future or to proprietary investments made by Sands Capital Ventures and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has (or in which Adviser Investors have) previously invested. In addition, a Fund will from time to time participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has (or in which Adviser Investors have) already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Each affiliate of Sands Capital Ventures will resolve all such conflicts using its best judgment, but in its sole discretion.

Conflicts Relating to the General Partner and Sands Capital Ventures

Sands Capital Ventures has in the past and may in the future, in its discretion, contract with any related person of Sands Capital Ventures (including but not limited to a portfolio company of a Fund) or an affiliate to perform services for Sands Capital Ventures in connection with its provision of services to the Funds. When engaging a related person to provide such services, Sands Capital Ventures has an incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Sands Capital Ventures generally may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Sands Capital Ventures or an affiliate of Sands Capital Ventures (including but not limited to a portfolio company of a Fund) or (ii) an entity with which Sands Capital Ventures or its affiliates or a member of their personnel has a relationship or from which Sands Capital Ventures or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, Sands Capital Ventures, because of its financial or other business interest, has 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.

Sands Capital Ventures, its affiliates, and members, officers, principals and employees of Sands Capital Ventures and its affiliates may buy or sell securities or other instruments that Sands Capital Ventures has recommended to Funds. Officers, principals and employees of Sands Capital Ventures may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by Sands Capital Ventures on behalf of the Fund. In circumstances where a Fund does not invest, expenses will generally be borne by the investing personnel and not the Funds. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) that may include potential competitors of the Funds. Furthermore, Sands Capital Ventures' related persons may (subject to any restrictions set forth in the Fund's governing documents) invest in opportunities that are not presented to a Fund (or its investors). The transactions described above are subject to the policies and procedures set forth in Sands Capital Ventures' code of ethics. The investment policies, fee arrangements and other circumstances of

these investments may vary from those of the Funds. If officers, principals and employees of Sands Capital Ventures have made large capital investments in or alongside the Fund's they will have conflicting interests with respect to these investments.

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

Fee Structure

For closed-end Funds managed by Sands Capital Ventures, because there is a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when Sands Capital Ventures would not otherwise have done so.

Additionally, as discussed above in *Item 6*, many Fund general partners are entitled to incentive allocations under the terms of the organizational documents of such Funds. Such general partners are affiliates of Sands Capital Ventures. The existence of the general partners' incentive allocation creates 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.

Pursuant to the organizational documents, the general partner may be required to return excess amounts of incentive allocation 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.

Providers of Operations Support

The general partner and the portfolio companies will from time to time retain other companies and individuals ("*Operations Support Providers*"), which may be affiliates of the general partner, employees of such affiliates, portfolio companies of other Funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), "operating partners" or "senior advisors." The Operations Support Providers are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies ("*Operations Support Services*"). These services may be high level insight or extensive day-to-day roles, and may include support to the general partner or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting

development), real estate matters and similar operational matters. The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operations Support Providers may be offered the ability to co-invest alongside Funds, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Pursuant to the organizational documents of the Funds, fees and expenses associated with Operations Support Services (“*Operations Expenses*”) may be paid and/or reimbursed by portfolio companies and/or the Funds. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider) may be incurred at the discretion of the relevant Fund general partner(s) and, taking into account the particular Operations Support Services, may include an annual fee or retainer, a discretionary bonus, a profits or equity interest in the Funds and/or portfolio company or other incentive-based compensation to the Operations Support Provider, and may otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the general partner, in its good faith discretion. Operations Expenses may also be incurred in respect of portfolio companies prior to the closing of the investment. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations Expenses will be allocated among the Funds as determined by the relevant general partner(s) or Sands Capital Ventures, as applicable in a fair and equitable manner. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to the management company or its affiliates. The general partner’s good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors.

Diverse Membership

The Funds are likely to have a diverse range of investors that may have conflicting interests stemming from differences in investment preferences, tax status and regulatory status. The general partner of the applicable Fund will consider the objectives of the Fund and each of the respective investors as a whole when making decisions with respect to the selection, structuring, and sale of investments. However, it is inevitable that such decisions may be more beneficial for one investor than for another investor.

Additionally, the Funds may have tax-exempt, taxable, non-U.S. and other investors, whereas most members of the general partners are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of U.S. and non-U.S. investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more

beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

Business with Portfolio Companies and Investors

Given the collaborative nature of Sands Capital Ventures' business and the portfolio companies in which the Funds have invested, there are often situations where Sands Capital Ventures is in the position of recommending portfolio company services to other portfolio companies of the Funds or clients managed by Sands Capital Management, which may involve fees, commissions, servicing payments and/or discounts to Sands Capital Ventures, an affiliate, or a portfolio company. Sands Capital Ventures will generally have a conflict of interest in making such recommendations in that Sands Capital Ventures has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

Sands Capital Ventures generally has an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. Sands Capital Ventures has an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Sands Capital Ventures and/or its affiliates (including Sands Capital Management) may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company may compete with the portfolio company or another Fund, or the portfolio company of a Portfolio Fund. A conflict of interest may arise in these instances because advice and recommendations provided by Sands Capital Ventures to a portfolio company may have adverse consequences to a competitor portfolio company owned by another Fund or Portfolio Fund.

Sands Capital Ventures and/or its affiliates (including Sands Capital Management) may engage in business with certain service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Funds and/or who provide services (including mezzanine and/or lending arrangements) to Sands Capital Ventures, the Funds, the portfolio companies and/or businesses that are competitors of Sands Capital Ventures. Such engagement may be concurrent with an investor's admission to a Fund, or during the term of such

investor's investment in the Fund. This creates a conflict of interest, as Sands Capital Ventures may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. Sands Capital Ventures will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide Sands Capital Ventures information about markets and industries in which Sands Capital Ventures operates or is interested or will provide other services that are beneficial to Sands Capital Ventures. There is a possibility that Sands Capital Ventures, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund or a client managed by an affiliate of Sands Capital Ventures. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

Positions with Portfolio Companies

Employees of Sands Capital Ventures serve as directors of certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is generally expected that the interests will be aligned. Additionally, such employees are required to remit any remuneration they may receive as directors to the applicable Funds. In addition, employees of Sands Capital Ventures may leave the employment of Sands Capital Ventures or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

Side Letter Agreements; Advisory Committee Rights

Sands Capital Ventures 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 distribution of incentive allocation and Management Fees. Except as otherwise agreed with an investor, Sands Capital Ventures (or the applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Generally, each Fund has the right to 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 Sands Capital Ventures and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

Other Advisory Affiliates Conflicts

In certain instances, a Fund's portfolio company may compete with the portfolio company of a client managed by an affiliate of Sands Capital Ventures. A conflict of interest may arise in

these instances because advice and recommendations provided by Sands Capital Ventures to a portfolio company may have adverse consequences to a competitor portfolio company owned such affiliate-managed client.

Sands Capital Ventures may share proprietary research and other information with Sands Capital Management and vice versa. In such situations, Sands Capital Ventures and Sands Capital Management will use their good faith efforts to allocate any costs and expenses incurred in creating such research or similar information as they determine to be appropriate.

Certain Fund and co-investment vehicle investors are also clients of Sands Capital Management. Sands Capital Ventures and Sands Capital Management refer clients or investors to each other from time to time. Sands Capital Management and its affiliates and their officers and employees invest, and may in the future invest, in the Funds or on a side-by-side basis through separate investment vehicles, and, subject to the governing documents of the Funds, may invest in opportunities that are not presented to the Funds or their investors. In the event the securities issued by a portfolio company in which Sands Capital Ventures' clients, officers, employees or affiliates have indirectly invested become listed on a national securities exchange, Sands Capital Management may invest, and has invested, in such securities for its client accounts.

From time to time, Sands Capital Ventures or an affiliate may possess material, non-public information or other information that may limit the ability to buy and sell certain investments. A Fund's investment flexibility may be constrained as a consequence of Sands Capital Ventures or its affiliates' inability to use such information for investment purposes.

Other Potential Conflicts

Sands Capital Ventures and the Funds will generally engage common legal counsel and other advisers in connection with a particular offering or investment, including situations 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 portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, Sands Capital Ventures and/or its affiliates, the parties may engage separate counsel in the sole discretion of Sands Capital Ventures and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, Sands Capital Ventures and the Funds and the portfolio companies of the Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to Sands Capital Ventures, the Funds, and/or the portfolio companies. This may result in Sands Capital Ventures receiving a more favorable rate on services provided to it by such common service provider than those payable by the Funds and/or the portfolio company, or Sands Capital Ventures 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 Sands Capital Ventures, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, which may result in Sands Capital Ventures favoring 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 and/or the portfolio companies.

Sands Capital Ventures 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. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to Sands Capital Ventures and/or its personnel, and such rewards and/or amounts will exclusively benefit Sands Capital Ventures and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

Sands Capital Ventures may, in its discretion, cause the Funds and/or their portfolio companies to have ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Sands Capital Ventures. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between Sands Capital Ventures and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that Sands Capital Ventures 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.

Certain portfolio companies of the Funds are, or have been, counterparties or participants in agreements, transactions or other arrangements with Sands Capital Ventures, its affiliates, or other portfolio companies, which may result in favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. Sands Capital Ventures is often eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to Management Fee offsets or otherwise shared with the relevant Funds.

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.

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

Item 12. BROKERAGE PRACTICES

Sands Capital Ventures anticipates that the Funds generally will purchase investments in private placement transactions, without the assistance of a broker-dealer and without payment of any brokerage commissions or dealer mark-ups. In certain cases, however, particularly in the instance in which portfolio companies of the Funds undertake initial public offerings, and in the disposition of investments, Sands Capital Ventures has the authority and discretion to select brokers or dealers to execute securities transactions for the Funds.

In selecting brokers and dealers, Sands Capital Ventures seeks to obtain the best overall execution available. In assessing the best overall terms available for any transaction, Sands Capital Ventures considers factors that it deems relevant, such as the breadth of the market in the security, the price of the security, the financial condition and execution capability of the broker or dealer, and the reasonableness of the commission, if any, both for the specific transaction and on a continuing basis (but does not consider whether it or a related person receives client referrals from a broker-dealer or third party). In evaluating the best overall terms available, and in selecting the broker or dealer to execute a particular transaction, Sands Capital Ventures may also consider the brokerage and research services (within the meaning of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”)), *provided*, that Sands Capital Ventures determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either the particular transaction or Sands Capital Ventures’ overall responsibilities with respect to the clients as to which it exercises investment discretion.

Sands Capital Ventures may execute securities transactions on an agency or principal basis with a broker-dealer, which may result in a Fund (and thus its investors) incurring two transaction costs for a single trade: a commission paid to the executing broker plus the market maker’s markup.

Underlying investors are not permitted to direct brokerage with respect to purchases or sales of securities by the Funds or other investment vehicles operated by Sands Capital Ventures.

Soft Dollars

Section 28(e) of the Exchange Act provides a “*safe harbor*” for investment advisers who use commission dollars of their clients to obtain brokerage and investment research services that provide lawful and appropriate assistance to the adviser in performing its investment decision-making responsibilities. Sands Capital Ventures anticipates that transactions normally will not provide it with the opportunity to generate soft dollars. If, however, it were to generate soft dollars, Sands Capital Ventures would only use such soft dollars within the “*safe harbor*” provided under Section 28(e) of the Exchange Act.

When Sands Capital Ventures believes more than one brokerage firm meets its selection criteria, it may select broker-dealers that provide it with brokerage services, as well as research products and services. Sands Capital Ventures effects portfolio transactions through broker-dealers furnishing these services even though the commissions charged for the transactions may be higher than the commissions another broker would have charged for effecting the same transactions. Sands Capital Ventures is not able to determine the specific dollar value of any research products and services or brokerage services obtained with clients’ commission dollars. Sands Capital Ventures will make a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage and research products and services provided. Sands Capital Ventures may use the research products and services furnished by broker-dealers in servicing all of its clients and for clients other than those that pay the commissions to the brokers that arrange for such research or other services; not all such products and services will be used exclusively for the benefit of the clients that pay the brokerage commissions.

Research services may include: advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or seller

of securities; analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and market data, stock quotes, last sale prices, and trading volumes.

Research services received may also be in the form of seminars, written reports, telephone contacts, and personal meetings with sell-side security analysts, economists, and senior issuer representatives. Brokers may provide Sands Capital Ventures with proprietary research where the cost of such research is incorporated into their commission rate structure. Research services received from brokers and dealers are supplemental to Sands Capital Ventures' research efforts and, when used, are subject to internal analysis before being incorporated into its investment process.

Sands Capital Ventures does not have any arrangement that contractually or financially obligates it regarding the amount of brokerage commissions directed to a particular broker. However, Sands Capital Ventures does accept proprietary research (bundled research) from broker-dealers, and this is a factor in determining broker-dealer selection. Sands Capital Ventures believes that bundled research is generally made available to all institutional investors doing meaningful business with such broker-dealers. Research is made available to Sands Capital Ventures on a solicited and unsolicited basis. Sands Capital Ventures does not separately compensate broker-dealers for this research. Sands Capital Ventures considers clients who choose not to participate in soft dollar commissions to be opting out of generating contractually obligated soft dollar credits used to pay for third-party research and not opting out of bundled research. Thus, client accounts that have soft dollar restrictions may still be traded with broker-dealers that provide Sands Capital Ventures with bundled research; and, consequently, overall commission costs paid by these clients may not decrease.

The use of brokerage commissions to obtain research and research-related products and services may create a conflict of interest because a client's brokerage commissions may pay for products and services that do not exclusively benefit that client and that may benefit Sands Capital Ventures. To the extent that Sands Capital Ventures is able to obtain these products and services without expending its own resources, the use of soft dollars tends to increase its profitability. In addition, the availability of these non-monetary benefits may influence Sands Capital Ventures' selection of a particular broker-dealer over another to perform client services.

Trade Aggregation and Allocation. Investment actions by Sands Capital Ventures or its affiliates (including Sands Capital Management) may result in multiple Funds, accounts or strategies seeking to trade the same security at the same time. When more than one client seeks to acquire the same security at the same time, it may not be possible to acquire a sufficiently large number of shares or a higher price may be paid. Similarly, when more than one client seeks to sell a particular security, clients may not be able to obtain as high a price or as large an execution of the security. Under these circumstances Sands Capital Ventures generally aggregates or "blocks" orders for accounts for which it and its affiliates have investment discretion if it believes that blocking will result in a more favorable overall execution. In such cases, Sands Capital Ventures seeks to aggregate transactions before execution of the order; however, in certain instances, the order may not be blocked prior to entering the order. In that event, Sands Capital Ventures will seek to block the order at the earliest practicable time. Sands Capital Ventures retains the discretion not to block transactions if it believes blocking will not result in more favorable overall execution.

Client accounts for which orders are aggregated receive the average price of the transaction, which could be higher or lower than the price that would otherwise be paid by a client absent aggregation. Any transaction costs incurred are shared *pro rata* based on each client's participation in the transaction. In some instances, this procedure could have an adverse effect on a particular client. In Sands Capital Ventures' opinion, however, the results of this procedure will, on the whole, be in the best interests of each of the participating clients.

If an aggregated order is executed in its entirety, it will be allocated in accordance with the allocation established for the trade. If the order is partially filled, Sands Capital Ventures will, to the extent practicable, allocate the order on a *pro rata* basis among participating accounts, which may be subject to rounding to ensure that accounts receive round lots. When *pro rata* allocation is not practicable, Sands Capital Ventures will allocate the order in a fair and equitable manner consistent with the factors identified above.

From time to time Sands Capital Ventures may not be able to aggregate client orders or aggregation may not be in the clients' best interest. Factors which may preclude order aggregation include country-specific rules which forbid omnibus trading, ID market trading, size of transaction, and prefunding requirements, among others. In cases where order aggregation is appropriate but not possible Sands Capital Ventures will execute orders on a random basis.

Item 13. REVIEW OF ACCOUNTS

The investment team of Sands Capital Ventures monitors the portfolio companies of each Fund on a continuous basis. Sands Capital Ventures' personnel have assumed, and likely will continue to assume, seats on portfolio company boards of directors and serve as observers to boards. In conjunction with such positions, Sands Capital Ventures may provide operational, strategic and scientific support to the companies.

Sands Capital Ventures may provide underlying investors with periodic written status reports on investments then held by a Fund, to the extent permitted or required under the operating agreements of the Fund.

Item 14. CLIENT REFERRALS AND OTHER COMPENSATION

Neither Sands Capital Ventures nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals. For details regarding economic benefits provided to Sands Capital Ventures by non-clients, including a description of the related material conflicts of interest and how they are addressed, please see *Item 11*. In addition, Sands Capital Ventures and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

While not a client solicitation arrangement, Sands Capital Ventures 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 may 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. Management Fees received by Sands Capital Ventures are generally reduced by the amount of such fees paid by the Fund. As some Funds or co-

investment vehicles may not pay Management Fees, any such reduction will not benefit such Funds or vehicles (or their underlying investors). In addition, Sands Capital Ventures may from time to time be engaged to provide sub-advisory services to investment funds sponsored by unaffiliated third parties. In such circumstances, the third parties or their affiliates may be entitled to fees or other remuneration from the relevant investment fund, which will not reduce the amount of fees paid to Sands Capital Ventures.

Item 15. CUSTODY

Sands Capital Ventures generally does not have physical custody of client funds or securities. However, Sands Capital Ventures or its affiliate, by virtue of their positions with the Funds, may be deemed to have custody of the funds and securities of the Funds under Advisers Act Rule 206(4)-2. In such cases, (a) Fund assets will be held with a “*qualified custodian*”, as defined in the rule (generally a bank or broker-dealer) independent of Sands Capital Ventures; and (b) the Funds will be subject to either an annual audit in accordance with generally accepted accounting principles or actual examination at least once during each calendar year by an independent public accountant. Notwithstanding the foregoing, Funds that are subject to an annual audit may have certain privately offered securities recorded only on the books and records of the issuer (if the security is uncertificated) or held in a safe location on Sands Capital Ventures’ premises (if the security is certificated in accordance with applicable SEC guidance). Investors in a Fund that is not subject to an annual audit receive at least quarterly statements from the Fund’s qualified custodian and should review such statements carefully.

Item 16. INVESTMENT DISCRETION

Sands Capital Ventures generally provides its investment advisory services to clients on a discretionary basis, subject to the direction and control of the general partners of the Funds. Such authority, and any policies, restrictions or limitations relating to such authority, are set forth in the advisory agreements and the operating agreements of the Funds.

Item 17. VOTING CLIENT SECURITIES

Sands Capital Ventures has adopted policies and procedures with respect to the voting of securities held by the Funds. Sands Capital Ventures’ policy is to evaluate and vote in a manner consistent with a Fund’s best interests. Sands Capital Ventures believes that it acts in the best interests of a Fund when it votes in a manner that maximizes the economic value of the Fund’s holdings. Prior to a voting deadline, Sands Capital Ventures determines whether and how to vote on each proposal based on its analysis of the information received. In voting, Sands Capital Ventures is not an automatic supporter of management. Further, there may be times when it determines that refraining from voting is in a Fund’s best interest, such as when the cost of voting exceeds the expected benefit to the Fund. Investors in a Fund (and the Fund itself) are not able to direct the vote of Sands Capital Ventures.

If a material conflict exists, Sands Capital Ventures takes steps to ensure that its voting decision is based on the best interests of the relevant Fund and is not a product of the conflict. If the Chief Compliance Officer determines that a material conflict of interest exists, then Sands Capital Ventures may, at its discretion: (a) disclose the conflict of interest to the investors in a Fund (or a committee thereof) and consult with such investors (or committee thereof) or defer to such

investors' (or committee's) voting recommendation; (b) defer to the voting recommendation of an independent third party provider of proxy voting services; or (c) take such other action that Sands Capital Ventures in good faith believes would serve the best interests of the relevant Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

Clients may obtain information regarding how Sands Capital Ventures voted proxies relating to securities held by a Fund, or request a copy of Sands Capital Ventures' proxy voting policies and procedures, by contacting the Chief Compliance Officer at (703) 562-5293, writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209, or emailing jgoodman@sandscap.com.

Item 18. FINANCIAL INFORMATION

Sands Capital Ventures does not believe that there are any financial commitments that are reasonably likely to impair the ability of Sands Capital Ventures to meet its contractual commitments to its clients. Further, Sands Capital Ventures has not been the subject of a bankruptcy petition at any time during the past 10 years.

Item 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.