

**PART 2A OF FORM ADV**  
**FIRM BROCHURE**

ICONIQ

**ICONIQ CAPITAL, LLC**

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**March 30, 2020**

**This brochure (this "Brochure") provides information about the qualifications and business practices of ICONIQ Capital, LLC ("ICONIQ Capital," the "Firm," "we" and "us"). If you have any questions about the contents of this Brochure, please contact us by telephone at (415) 967-7763 or email at [compliance@iconiqcapital.com](mailto:compliance@iconiqcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Registration as an investment adviser does not imply any certain level of skill or training.**

**Additional information about ICONIQ Capital also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2. Material Changes**

This Brochure has been prepared by ICONIQ Capital, LLC and supersedes the prior version. There have been no material changes since last year's brochure dated March 28, 2019. This Brochure contains routine updates (including enhanced risk factors) and clarifications. While we do not believe these updates and clarifications are material changes, we encourage readers to review this Brochure carefully.

### **Item 3. Table of Contents**

<u>Section:</u>	<u>Page:</u>
Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	7
Item 6. Performance-Based Fees and Side-By-Side Management .....	10
Item 7. Types of Clients and Account Requirements .....	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9. Disciplinary Information .....	43
Item 10. Other Financial Industry Activities and Affiliations .....	43
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	44
Item 12. Brokerage Practices .....	47
Item 13. Review of Accounts.....	50
Item 14. Client Referrals and Other Compensation.....	50
Item 15. Custody .....	51
Item 16. Investment Discretion.....	51
Item 17. Voting Client Securities.....	52
Item 18. Financial Information .....	52

## **Item 4. Advisory Business**

### **A. Description of Advisory Firm**

ICONIQ Capital, LLC is a limited liability company formed in the State of Delaware. Our Firm has been in business as an investment adviser since 2011 and the Firm's partners are Divesh Makan, Michael Anders, and Will Griffith (our "**Principals**"). We are a trusted advisor and thought partner, facilitating meaningful strategic relationships across investment opportunities, family governance and global impact.

We provide a broad range of investment advisory and family office services, and also manage direct investments with a focus on technology growth equity, venture capital, middle market buyout and real estate opportunities.

We are dedicated to providing high-net worth individuals and other types of clients with a wide array of investment advisory services. We specialize in managing client assets by making allocations to third-party portfolio managers ("**Portfolio Managers**") and underlying investment funds, vehicles and accounts managed by external portfolio managers (such funds and vehicles, "**External Funds**"). We also facilitate other investment opportunities in accordance with client objectives and strategies.

ICONIQ Capital and our affiliates sponsor and advise private pooled investment vehicles, in the following fund families: ICQ Investments, ICQ Opportunities, ICONIQ Access, ICQ CPE, ICQ CVC, ICONIQ Strategic Partners, Building Blocks and ICONIQ Real Estate. Each fund's name generally can be used to identify the fund family to which the fund belongs. We also sponsor and advise ICONIQ Strategic Partners co-investment vehicles, other special-purpose investment vehicles and single-investor investment funds. Our private pooled investment vehicles and single-investor investment funds are collectively referred to as "**ICONIQ Private Funds**" and/or each a "**Fund**." For a complete list and additional information about ICONIQ Private Funds, refer to our Form ADV Part 1A, Schedule D, Section 7.B.(1) (Private Fund Reporting) available at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

ICQ Investments and ICQ Opportunities funds make investments in private or public companies or other private investments, generally one investment per series or limited partnership. ICONIQ Access funds make investments in one or more underlying funds (e.g., hedge funds and private equity funds). Building Blocks funds allow asset allocations to be effected through investments in an upper level fund that then makes allocations among subsidiary vehicles concentrating on specific asset classes. ICQ CPE funds make investments in private equity funds and private equity co-investment vehicles. ICQ CVC funds make investments in venture capital funds and venture co-investment vehicles. ICONIQ Strategic Partners funds make investments in multiple growth equity companies and other private investments. ICONIQ Strategic Partners co-investment vehicles make investments in one growth equity company in parallel with ICONIQ Strategic Partners. Single-investor funds are generally structured to facilitate investments into ICONIQ Private Funds and other investment vehicles in which ICONIQ, any of its partners, members or

affiliates, or an external manager has a principal investment management role. ICONIQ Real Estate funds make investments in real-estate and real-estate related assets.

We refer to the investment activities of some of our ICONIQ Private Funds as "merchant banking" and the division of our Firm responsible for these investment activities as a "merchant bank." However, unlike a traditional merchant bank, we do not receive deal fees or other compensation from the portfolio companies in which we make investments.

Participation in the ICONIQ Private Funds is limited to certain qualified investors, as described in Item 7. Many of the investors in the ICONIQ Private Funds sponsor are ICONIQ Capital clients and, when we recommend that these clients invest in the funds we sponsor, we face a conflict of interest. We discuss those conflicts further in this Brochure and Part 1A of our Form ADV. We refer to investors in ICONIQ Private Funds who are not otherwise clients of ICONIQ Capital as "**investors**" or "**merchant banking investors.**"

## **B. Description of Advisory Services Offered**

Our services vary depending on the specific arrangement with each client. The range of investment advisory services we provide includes, in addition to those described in Item 4.A., above, the following (although this is not an exclusive list and our arrangements differ materially among our client population):

- *Investment Policy.* We may assist clients in the preparation, review and evaluation of the policies, parameters, restrictions and objectives of the accounts that we manage for them or advise upon. Upon request, we may assist clients with the preparation of more broadly applicable investment policies.
- *Asset Allocation Advice.* We assist clients in the review and establishment of asset allocation goals for their ICONIQ Capital accounts and Portfolio Manager relationships and often oversee the performance of their accounts; we often are empowered to make changes and/or make recommendations to change (as we deem appropriate based upon a client's investment policy, market conditions and/or other factors) their allocations or to bring their account holdings back into conformity with the desired allocation levels.
- *Performance Evaluation.* We provide clients with a periodic evaluation report of their accounts (an "**Evaluation Report**"), which may include each portion managed by ICONIQ Capital, any ICONIQ Capital sub-advisers, and any Portfolio Managers or External Funds. We receive our information from account custodians, broker-dealers, Portfolio Managers, and/or other parties and while such information is believed to be accurate and reliable, we cannot guarantee it; to the extent that erroneous information is provided to our Firm by Portfolio Managers of External Funds, other advisers, broker-dealers, account custodians or other parties, we are not responsible for any inaccuracies which are contained in our Evaluation Reports.
- *Identification and Selection of Investment Opportunities, including ICONIQ Private Funds, External Funds and Portfolio Managers.* We assist clients with identifying and selecting ICONIQ Private Funds, External Funds, other engagements with Portfolio Managers and other investment opportunities that are deemed appropriate and consistent

with client stated objectives and current investment policies. We shall identify and select such investment opportunities. We make no representations or guarantees regarding the investments, asset allocations, and/or performance of any Portfolio Manager exclusively chosen by a client.

- *Asset Management.* For many of our clients, we directly manage the clients' brokerage and other investment accounts (including digital currency accounts). In such circumstances, we oversee accounts that can contain, and on a discretionary basis execute transactions in, single-name equities, options and other listed derivatives, exchange traded funds, index and other mutual funds, private funds and other alternative investments, digital assets, and other securities and assets.
- *ICONIQ Private Funds.* We provide ICONIQ Private Funds with the services set out in each Fund's constituent documents and investors in these funds should refer to those documents for information about the services provided. As a general manner, however, we are generally the sole investment adviser to the ICONIQ Private Funds and, directly or indirectly, exercise full discretion over those accounts.

Services for our non-Fund clients are generally provided on a non-discretionary basis, but our engagements with these clients may also include full discretion or discretion limited to specified accounts or investment types. We also provide non-investment advisory services to our family office clients.

The foregoing is not a comprehensive list of services that are provided by us to clients, nor are the descriptions necessarily the only ways in which the services are provided. Clients should refer to their client and service agreements for information regarding the services applicable to them.

### **C. Tailoring of Advisory Services and Client Imposed Restrictions**

We offer individualized investment advice to advisory clients. We may, if circumstances warrant, allow clients to impose restrictions on investing in certain securities or types of securities.

ICONIQ Private Funds are managed according to the strategies, objectives and/or investment program set forth in each Fund's constituent documents. Investors in one of these funds should refer to the constituent documents for information about a fund's strategies, objectives and investment program. We generally do not take the specific circumstances of individual investors in an ICONIQ Private Fund into account in making investment decisions for the fund.

### **D. Wrap Fee Programs.**

We do not directly participate in wrap fee programs.

### **E. Assets Under Management.**

We manage approximately \$23.5 billion on a discretionary basis and \$19 billion on a non-discretionary basis as of December 31, 2019.

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

### **A. Fees and Compensation**

Fee schedules are negotiated on a client-by-client basis and are determined based upon a number of factors including, but not limited to, the amount and type of work involved, the size of the relative portfolios and the amount of our resources dedicated to providing the services. Advisory clients generally pay an annual advisory fee of up to 1.5% of assets under management for investment advisory services. Some clients have flat fee structures that are not based on assets under management. Flat fee structures are individually negotiated and, in certain circumstances, result in clients paying fees that are higher than those referenced above. Some clients pay fees on some accounts (e.g., securities accounts that we advise on) and not on others (e.g., cash accounts).

Investment advisory fees are typically billed on a pro-rata, annualized basis, quarterly in arrears, based on the value of the client account on the time-weighted daily average of the quarter. As a convenience to clients, we may, but are not required to, bundle our advisory fee with any Portfolio Manager's advisory fees and pay any Portfolio Manager; in such a case, clients would see one advisory fee comprised of our Firm's and the Portfolio Manager's overall fee on a custodial statement. Portfolio Manager's advisory fees are not set by us and their fees, method of billing (advance or arrears), manner of billing (quarterly or monthly) and basis for billing (time-weighted daily average versus the last day of a calendar quarter or month, or some other method) will differ from our billing practices in certain circumstances. Clients will receive an explanation of Portfolio Managers' billing practices from us or the Portfolio Manager in the Portfolio Manager's Form ADV, client agreement and/or other documentation.

Clients have the ability to directly access custodian statements and are sent independent custodian statements at least quarterly, showing all disbursements from the account, including the amount of the advisory fees paid to us and Portfolio Managers (if they bill separately), which may include the fee due to the Portfolio Manager(s).

Clients may be charged additional advisory or other related fees ("**Additional Fees**") in connection with the selection and appointment of Portfolio Managers as they may reasonably determine provided that (i) such Additional Fees are no more than the fees such Portfolio Managers would typically charge their other clients under similar circumstances, regardless of where such client relationships originated; and (ii) we receive no portion of such Additional Fees.

Advisory fees may be modified by us upon notice to clients. Unless otherwise agreed with respect to any specific investment, we shall not be compensated on the basis of a share of capital gains or capital appreciation of client funds or any portion of client funds, although we are, in certain circumstances, compensated based upon the total value of client accounts as of definite dates. The fee provisions of the Portfolio Managers' advisory agreement(s) and Form ADVs governing their specific advisory programs and the fee confirmations that clients receive will control if there are any inconsistencies between the terms of those documents and a client's agreement with us, other agreements or documents.

Generally, our Firm or a client may terminate the agreement between us and the respective client at any time by providing a written thirty (30) day notice to the other party. After notice of termination has been received by the other party, our Firm shall continue to charge its advisory fees to the client up to and including the actual date of termination. Please note that Portfolio Managers' termination policies may differ from our previously mentioned policy and clients are encouraged to read each Portfolio Manager's Form ADV and advisory agreement for further information.

Investors and potential investors in ICONIQ Private Funds should refer to the constituent documents, including subscription documents, and/or limited partnership agreements of the ICONIQ Private Fund for complete details regarding the fees and expenses of the Fund.

Generally advisory clients who are investors in ICONIQ Access, ICQ CPE and ICQ CVC funds do not pay a management fee to ICONIQ; and there is not a performance allocation.

Investors in ICQ Investments generally pay an annual management fee of up to 1.5%. An affiliate of the Firm may receive a performance based allocation, or "carry", of up to 20% which is payable upon distribution of the investment series. Investors in ICQ Opportunities may pay a management fee of up to 1.5%. An affiliate of the Firm may receive a performance based allocation, or "carry", of up to 20% which is payable upon distribution of the investment.

Investors in Building Blocks funds pay a management fee of up to 1% annually. An affiliate of the Firm may receive a performance based allocation, or "carry", of up to 10%. These fees are generally waived for advisory clients at the Fund level (although their investment in the Building Blocks funds is generally included in the calculation of the advisory fee such clients pay the Firm directly) and such fees may be waived for any investor in our sole discretion or by agreement with the investor. Certain of the underlying funds, which can be External Funds or ICONIQ Private Funds, charge asset-based fees and performance-based compensation (either fees or in the form of profit allocations). The asset-based fees of the Portfolio Managers of External Funds are generally expected to range from 1% to 4% annually of the net assets under their management and the performance compensation to the Portfolio Managers of External Funds is generally expected to range from 10% to 25% of net profits annually, but it is possible that such fees or incentive compensation could exceed such levels. Further details about multiple layers of fees are provided in Item 5.B.

Investors in ICONIQ Strategic Partners pay a management fee of up to 2% annually. Additionally, an affiliate of the Firm is entitled to receive a performance based allocation, or "carry," of up to 30% of profit attributable to an investor's capital contributions to the partnership. Client assets that are invested in ICONIQ Strategic Partners and certain other ICONIQ Private Funds—where management fees and/or carry are charged at the fund level—are not aggregated with other client assets for purposes of applying any breakpoints in a client's fee schedule.

Investors in ICONIQ Real Estate funds pay a management fee of up to 1.5% annually. An affiliate of the Firm may receive a performance based allocation, or "carry", of up to 20% which is payable upon distribution of the investment. For certain real-estate funds, an affiliate of the Firm is entitled



to receive an annual incentive distribution of 20% subject to investors achieving a preferred return for the period.

Investors in single-investor funds may be subject to management fees, advisory fees, and performance-based carried interest charges. The terms of such compensation, the timing of its payment and the methodology of its calculation vary across the single-investor funds and the other funds and vehicles in which those funds invest. Investors should refer to the constituent documents for information about fees paid in connection with single-investor funds.

## **B. Other Fees and Expenses**

Our fee does not include fees charged by Portfolio Managers, investment funds, account custodians, broker-dealers or other third parties. Trade costs, mutual fund expenses, External Fund expenses, advisory fees of Portfolio Managers, etc. are all additional and separate from our advisory fees. Advisory clients may also pay separate fees in connection with other (non-advisory) services offered by us. Clients should refer to their services agreements for a complete description of these fees.

Clients will incur brokerage transaction charges for trades executed in client brokerage accounts. These brokerage transaction fees are separate from our fees. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, exchange traded fund or External Fund which shall be disclosed in the fund's prospectus, private offering memorandum or other constituent documents (i.e., fund management fees and other fund expenses). Portfolio Managers and sub advisors will also charge clients advisory fees, as discussed in Item 5.A. above.

We may separately charge for non-advisory services on rates that are negotiated with individual clients.

### **Multiple Layers of Fees**

As discussed above, when we cause our clients to invest their assets in External Funds and ICONIQ Private Funds, our clients may be, and in certain circumstances are, subject to multiple layers of fees and expenses, e.g., (i) the management fees payable to ICONIQ Capital and (ii) the management fees and performance-based compensation payable by an External Fund to its Portfolio Managers or by an ICONIQ Private Fund to ICONIQ Capital. Advisory clients also will generally bear, directly or indirectly, a portion of the expenses, including transaction costs, of the External Funds and ICONIQ Private Funds in which they invest.

## **C. Payment of Fees**

Client payment practices vary depending on the specific arrangement with the client. We generally deduct our fees and the Additional Fees directly from one or more accounts holding client assets by directing the relevant custodian to remit the appropriate amounts directly to our Firm or a portion thereof to Portfolio Manager(s). Our Firm or (our) designee (usually the account custodian)

will disburse such amounts to the relevant parties as compensation for the services provided under the client's agreement with us, as well as that of the Portfolio Manager(s). If there is not enough liquid cash in its accounts, we will instruct the relevant custodian to liquidate the necessary positions in such accounts to cover the amount of the fees under our agreement with a client and/or Portfolio Managers' agreement(s).

Investors in ICONIQ Private Funds are charged any applicable management fee, and/or performance allocation in accordance with the terms detailed in each Fund's constituent documents. Investors in an ICONIQ Private Fund should review the Fund's constituent documents for complete details regarding payment of fees and expenses.

#### **D. Commissionable Securities Sales**

We do not sell securities or other investment products for a commission.

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

We charge performance-based fees to investors in certain ICONIQ Private Funds, including ICQ Investments, ICQ Opportunities, ICONIQ Strategic Partners, Building Blocks, and ICONIQ Real Estate funds. We also charge performance-based fees with respect to some investments recommended by us. We structure any performance-based fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended ("**Advisers Act**") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In addition, we will recommend investments in External Funds and with Portfolio Managers, which in certain circumstances will charge performance-based fees that will be borne directly or indirectly by clients.

Differences in our compensation arrangements among investors and clients, particularly when some investors pay performance-based compensation, creates an incentive for us to allocate investment opportunities to those clients or investors who pay higher compensation. To seek to address this conflict of interest, we allocate investment opportunities among our clients and investors in accordance with our allocation policy, which is described below in Item 11.D, *Allocations of Limited Investment Opportunities*.

#### **Item 7. Types of Clients and Account Requirements**

Our clients may include, without limitation:

- Family Offices;
- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Corporations, limited liability companies and/or other business types; and
- Private Pooled Investment Vehicles

We generally work with clients whose net worth is \$25,000,000 or more. However, we reserve the right to accept clients of any net worth, and may on occasion work with clients whose net worth is below this threshold. Generally, an investor in ICONIQ Private Funds must invest a minimum of \$10,000. Additionally, each investor must be an "accredited investor", and meet other criteria as specified in the constituent documents of each of the ICONIQ Private Funds.

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

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

#### **Methods of Analysis:**

- Charting;
- Fundamental;
- Technical; and
- Cyclical.

#### **Investment Strategies we may use:**

- Asset allocation;
- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions; and
- Option writing, including covered options, uncovered options or spreading strategies.

Portfolio Managers, investment funds, and ICONIQ Private Funds recommended by us employ methods of analysis and investment strategies that are identified in the appropriate and relevant documents, which may include, the Portfolio Manager's Form ADV Part 2A and/or the constituent documents of an investment fund.

The foregoing is not a comprehensive list of the methods of analysis and strategies that may be employed by us, nor are the descriptions necessarily the only ways in which the methods of analysis and strategies may be implemented.

### **B. Material, Significant or Unusual Risks Relating to Investment Strategies**

The following risk factors do not purport to be a complete list or explanation of the risks involved with the investment advisory services we provide to clients. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

#### **General**

***Investing in securities involves risk of loss that clients should be prepared to bear.*** While the security values may increase and client account(s) could enjoy a gain, it is also possible that the values may decrease and client account(s) could suffer a loss. All investments made or recommended by us for clients involve the risk of the loss of capital. Our clients' accounts may utilize investment techniques such as margin transactions, short sales and option transactions, which can, in certain circumstances, magnify both the gains and losses to which our clients' accounts may be subject. It is important that clients understand the risks associated with investing in securities, are appropriately diversified in investments, and ask us any questions they may have.

***Investment and Due Diligence Process.*** Before making investments, we will conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, we will rely on the resources reasonably available to us, which in some circumstances, whether or not known to us at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

***Cyber Security.*** With the increased use of technologies such as the Internet to conduct business, ICONIQ Capital, ICONIQ Private Funds, the service providers of ICONIQ Private Fund(s), and the underlying investments made by our clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems, corrupting data, equipment or systems, or causing network services to be unavailable to intended users (i.e., "denial of service") or other operational disruption. Cyber incidents affecting ICONIQ Capital, ICONIQ Private Funds, the service providers of ICONIQ Private Fund(s), and the underlying investments made by our clients have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the release of investor information or confidential business information, interference with the ability to calculate the value of our clients' investments, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines or penalties, reputational damage, or additional compliance costs. We will seek to implement safeguards to protect our clients against cyber attacks. However, there can be no assurance that we will be successful in preventing the occurrence of cyber attacks or mitigating the impact of cyber attacks.

***Co-Investments with Third Parties.*** We cause our clients to co-invest with third parties. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of our client or is in a position to take (or block) action in a manner contrary to such client's investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation

arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

***Assumption of Catastrophe Risks.*** Our clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which our clients participate (or has a material effect on locations in which ICONIQ Capital operates) the risks of loss can be substantial and could have a material adverse effect on our clients.

***Epidemics.*** Occurrences of epidemics, depending on their scale, may cause different degrees of damage to the national and local economies within the Fund's geographic focus. Global economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption may adversely affect the Fund and its potential returns. For example, the continuing spread of COVID-19 (also known as novel coronavirus or coronavirus disease 2019) may have an adverse effect on the value, operating results and financial condition of some or all of our portfolio companies, as well as the ability to source and execute target investments. The progress and outcome of the current COVID-19 outbreak remains uncertain.

***Non-U.S. Investments.*** Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict our clients' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, we may be unable to structure our clients' transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce such clients' rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to our clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

***Significant Developments Stemming from the U.S. Administration.*** Public comments by key personnel within the U.S. administration have suggested that the administration may not be

supportive of certain existing international trade agreements. Further, the administration has supported greater restrictions on trade generally and has significantly increased tariffs on goods imported into the U.S., particularly from China. At this time, it remains unclear what further actions the administration may take with respect to trade agreements, individual companies or countries, including whether, when and the scope of additional tariffs on imports into the U.S. may be increased. ICONIQ Capital also cannot predict how other countries will respond to the administration's actions. For example, it is possible that legislation or regulations may be passed in other jurisdictions in response or related to any measures that may be imposed by the administration, including imposition of tariffs on U.S. goods imported into such jurisdictions. If the administration takes action to withdraw from or materially modify certain international trade agreements, or to implement greater restrictions on free trade and significant increases on tariffs or duties, the business, financial condition and results of certain of our clients' portfolio companies, and the performance of our clients' investments in general, could be adversely affected.

The administration has also indicated its intention to direct federal agencies to proceed with deregulating certain industries in which our clients may invest through a series of executive actions. However, such actions have been and may continue to be subject to judicial and/or congressional scrutiny and even if implemented, may be replaced by regulatory actions at the state level. While there can be no assurance that the administration will be successful in implementing such actions, any measures that are implemented in connection therewith may result in material changes to regulations and may impact the business operations and performance (even adversely) of our clients' investments.

Economic sanctions imposed by the United States may prohibit or otherwise restrict our clients and their portfolio companies from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. Such sanctions prohibit, among other things, transactions with, and the provision of services or certain goods to, certain foreign countries, territories, entities and individuals. The current U.S. administration has or may in the future, by executive order or otherwise, impose additional sanctions or change existing sanctions program though it is unclear at this time what actions the administration may take with respect to existing or future economic sanctions. Any new or changes to existing economic sanctions may impact the business operations and performance (even adversely) of our clients' investments and any violations of such sanctions could lead to fines, penalties and other legal and reputational consequences.

***Eurozone Risks.*** Our clients' investments and their investment performance may be affected by economic and fiscal conditions in eurozone countries and developments relating to the euro. The deterioration of the sovereign debt of several eurozone countries together with the risk of contagion to other more stable economies exacerbated the global economic crisis. This situation raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union. Economic, political or other factors could still result in changes to the composition of the European Economic and Monetary Union. The risk that other eurozone countries could be subject to higher borrowing costs and face further deterioration in their economies, together with the risk that some countries could withdraw

from the eurozone, could have a negative impact on the Fund's investment activities. A reintroduction of national currencies in one or more eurozone countries or, in more extreme circumstances, the possible dissolution of the European Economic and Monetary Union cannot be ruled out.

***United Kingdom's Exit from the European Union.*** The economy of the United States is influenced by the economic and market conditions in other countries and events in other regions can have adverse effects on the values of assets in the United States. For example, on June 23, 2016, the United Kingdom (the "UK") held a referendum on its membership in the EU where the majority of the voting electorate voted in favor of the UK leaving the EU. The UK formally notified the European Council of its intention to leave the EU on March 29, 2017. Under guidelines published by the European Council, the negotiations are being conducted broadly in two phases. The first phase was intended to ensure an orderly withdrawal from the EU. The second phase of negotiations aims to agree on the future relationship between the UK and the EU. The first phase of negotiations is now complete and a Withdrawal Agreement has been approved by the UK Parliament and the remaining 27 members of the European Union. The UK left the European Union at 23:00 GMT on January 31, 2020.

Transitional arrangements will apply until the end of 2020 (meaning that although the UK is not officially a member of the European Union, there will not be any significant change during this period), but there is a risk that the future relationship between the UK and the EU after the end of such transitional period (the second phase of negotiations) will not be agreed by such date.

Given the size and importance of the UK's economy, uncertainty or unpredictability about its legal, political and economic relationship with the EU, will be a source of instability, may create significant currency fluctuations, and otherwise adversely affect international markets, trading or other arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future and possibly beyond the date of the UK's ultimate withdrawal from the EU. Any business that depends on the free movement of goods or the provision of cross-border services between the UK and the European Economic Area (as currently constituted) could be adversely affected by the terms ultimately agreed by the UK and the EU on the future relationship or by the absence of any such agreement. The inability to provide cross-border services, changes in fiscal cooperation (e.g., with regard to withholding tax), restrictions on movements of employees, tariffs on goods, increased transit times, and other factors, all have the potential to materially impair the profitability of a business and require it to adapt or even relocate. Regardless of whether the UK ultimately secures a favorable set of trading arrangements with the EU, many businesses will be unable to postpone executing contingency plans. Contingency planning for some businesses could involve re-establishing the business in another EU member state, moving personnel and, if applicable, seeking authorization from local regulator(s) – all of which are costly and disruptive. Uncertainty about the way in which these many and complex issues will be resolved (and whether by agreement or through the absence of any agreement) could adversely affect our clients, the performance of their investments (e.g., if their investments include businesses that depend on access to the single market or whose value is affected adversely by the UK's future relationship with the EU) and

our ability to fulfil clients' investment objectives. Any decision of another member state to withdraw from the EU could exacerbate such uncertainty and instability and may present similar and/or additional potential risks.

***Long-Term.*** The success of our long-term investment strategy depends upon the ability to identify and make investments that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, we may forego value in the short-term or temporary investments in order to be able to avail our clients of additional and/or longer-term opportunities in the future. Consequently, we may not capture maximum available value in the short-term, which may be disadvantageous, for example, for clients who withdraw all or a portion of their capital before such long-term value may be realized.

### **Conflicts of Interest Related to Our Unique Investment Program**

ICONIQ Capital was founded on a vision of providing traditional advisory functions to a client base made up of leaders in the venture capital and growth capital space, but utilizing those client relationships to create a community that provides networking, educational, philanthropic, and investment opportunities to ICONIQ Capital, to our clients and to other persons associated with our Firm.

We believe that our business model is unique and, as such, current and prospective clients (and current and prospective investors in the funds that we advise) should understand that we face a significant number of conflicts of interest, some of which are described in this Item 8, and others of which are discussed in other parts of this Brochure (including in Items 5, 6, 10, 11 and 14), as well as in any placement memorandum or subscription materials that we may distribute to investors in funds that we advise.

***Conflicting Client Positions.*** At times we will have clients that hold positions, or hold interests, that are mutually opposed, and where a decision that is in the best interests of one client would cause harm to another. While we will attempt to take steps to ensure that we do not intentionally create such conflicts, they can and do arise and remedial actions taken by ICONIQ Capital may not be feasible and in any event will not ensure that all ICONIQ decisions in such a conflict will be neutral. We may also utilize independent committees that are empowered to approve the resolution of conflicts, but in such a case an affected client or investor will be required to abide by the determination of a third party.

***Allocation Conflicts.*** We have a large number of clients, with a variety of fee arrangements that are effective at any given time. We also advise clients alongside the ICONIQ Private Funds. We are faced with situations where we have to allocate limited opportunities across our client base, which implicates a number of issues and raises conflicts. Some opportunities, for example, simply will not be suitable or desirable for a given client, but the determination of suitability or desirability will be, at least in part, subjective and made in a situation where other clients (who we may be economically incented to favor) will want to maximize the amount of the opportunity offered to them. We also commonly have situations where a large number of clients want to effect the same transaction at the same time (e.g., when freely



tradable securities are distributed to our clients and investors following the expiration of a post-IPO lock-up) but the liquidity of the market is limited. We do have allocation policies and block trading protocols that are designed to handle these kinds of situations, but they will not be perfectly objective and will not serve to eliminate all conflicts. Please also refer to Item 11.D, *Allocations of Limited Investment Opportunities*, below for additional information and conflicts of interest presented by our financial industry activities.

***MNPI Trading Restrictions.*** The nature of our business exposes us and our personnel to a higher risk of inadvertently receiving material, non-public information than is the case with many other investment advisers. ICONIQ Capital currently employs a Firm-wide restricted list which will operate to restrict all client trading in such issuers whenever we deem ourselves to be in possession of MNPI regarding such issuers. In addition, ICONIQ Principals and employees will be on boards of directors or hold other positions that will cause them to be deemed to be company insiders, which will increase the number of issuers on our restricted list. While we believe that our broad and deep business, combined with a client population characterized by a high proportion of public company insiders, is a net benefit, the risk of being unable to make recommendations regarding or transact in a particular issuer, perhaps for indefinite periods of time, is a real consideration for current and prospective clients and investors.

***Principal Investment Opportunities.*** Our business model results in conflicts of interest that involve our Principals and other key employees and advisors. Our Principals and key employees are often approached with opportunities to make investments in their individual capacities. When these opportunities fall within the investment programs of one or more of our clients, we have a conflict of interest. We have personal trading and allocation policies that are designed to address these situations, such as a minimum threshold for an investment opportunity to be allocated to our clients, but assessments of these opportunities are inherently subjective and current and prospective clients and investors should understand that lucrative investment opportunities may be offered to (and accepted by) our Principals and investors without being offered to our clients.

***Preexisting Principal Positions.*** Our Principals, other key employees and advisors will, at times, hold positions in companies that we are considering causing our client accounts to invest in. As a result of our prominent position among growth capital and technology firms, this situation is likely to be more common at ICONIQ Capital than it is at other investment advisers. While we consider the fact that our Principals, key employees and advisors are so involved with the participants in these industries to be a positive attribute in our ability to advise clients, and a relative advantage that ICONIQ Capital can offer clients, we do recognize that this situation constitutes a conflict of interest. Firm personnel in an advisory capacity may, for example, be incented to cause an ICONIQ client account to invest in a firm on terms that would be less favorable to our client and would be expected to benefit the value of the pre-existing investment held by the applicable ICONIQ Principal, employee, or advisor. While we believe that our investment decision-making would operate to nullify any such conflict, prospective and current clients and investors should be aware of this conflict.

***Non-Competition and Similar Agreements.*** Partners or affiliates of ICONIQ Capital may, in connection with their management of certain clients or otherwise, enter into (or have entered into) non-competition or similar agreements that effectively preclude other clients from taking advantage of certain investment acquisition or disposition opportunities or otherwise adversely impact such clients.

***Investments in Companies Controlled by Clients.*** ICONIQ Capital is subject to a variety of conflicts of interest arising from ICONIQ Capital's private wealth management services for high net worth individuals and their affiliates. For example, individual advisory clients of ICONIQ Capital may control, serve as directors or officers, or may hold interests in, companies in which ICONIQ Capital proposes to cause other clients to invest. Because of ICONIQ Capital's direct relationship with such individuals and their affiliates, ICONIQ Capital has a greater incentive to cause the Fund to invest in such companies than it otherwise would.

### **C. Risks Associated with Particular Types of Securities**

We do not recommend a particular type of security to our clients, but rather, we recommend and invest in multiple investment instruments. For example, the ICONIQ Private Funds have broad investment mandates and we generally invest clients' cash balances in a range of instruments to seek to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. Given the broad discretion we have in managing clients, any one or more of the risks listed in this Item 8 may be incurred by our clients.

However, because it may be useful in understanding our investment program, set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized within our clients' portfolios:

#### **Risks Associated with Investments in External Funds and Portfolio Managers**

ICONIQ clients (including ICONIQ Access funds and Building Blocks funds) make direct investments with Portfolio Managers and in External Funds, and ICONIQ clients have exposure to such investments indirectly through their respective investments in ICONIQ Private Funds such as ICONIQ Access funds and Building Blocks funds. Certain risks related to investments with Portfolio Managers and in External Funds are listed below.

**Broad Investment Mandate Across Asset Classes, Investment Strategies and Geographies.** Unlike a typical fund of funds, we are not subject to any investment restrictions, diversification requirements, or concentration limits in selecting External Fund investments or Portfolio Managers for our clients, unless otherwise stated in a client's constituent documents. Many of our clients have a flexible investment policy that will allow such client to invest in External Funds across all markets, strategies, geographies, categories of investments and legal structures including "closed end" funds within its investment program. We will select investments on the basis of information and data prepared by the issuers of such securities or their managers as well as third parties. Although we evaluate available information and data and seek independent corroboration when we consider it appropriate and when it is reasonably

available, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data.

Our discretionary clients will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by us and, accordingly, will be dependent upon our judgment and ability in investing and managing their capital. Each of our strategies includes making investments across a variety of product types and assets in a variety of geographic locations. Accordingly, we will need to maintain expertise, relationships and market knowledge across a broad range of product types and geographic regions and will be subject to the market conditions affecting each such product type in various markets, including such factors as the local economic climate, business layoffs, industry slowdowns, changing demographics and local supply and demand issues affecting each such market. This multi-sector approach could require more management time, staff support and expense than an adviser whose focus is dedicated to a greater extent on a single product type than is contemplated by our investment program.

Each External Fund's and Portfolio Manager's strategy will involve a different set of complex risks, many of which are not described herein. Each prospective investor and client should make such investigation and evaluation of such risks as such investor concludes is appropriate.

***Long-Term Investment.*** An investment in an External Fund is a long-term commitment and there is no assurance of any distribution to the investors in such External Funds. It is anticipated that there will be no readily available market for a substantial number of our clients' investments in External Funds. Typically, our clients may not be able to make a full or partial withdrawal from an External Fund pursuant to the terms of the partnership agreement or other organizational document of the External Fund. The terms of certain External Funds shall end following such External Fund's receipt of proceeds from the realization of its final portfolio investment. Therefore, the exact term of the applicable External Fund(s) will remain an unknown factor for our clients during the time of their investment.

***Investment Concentration.*** Although diversification may be used as one of the tools of risk management for a client, we are not restricted as to the percentage of such client's assets attributable to any particular External Fund, Portfolio Manager or market in order to optimize the risk-reward profile of such client. To the extent we concentrate a client's investments attributable to a particular External Fund, Portfolio Manager, asset, issuer or market, such client's investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular External Fund, Portfolio Manager, asset, issuer or market. In certain cases, the External Funds may acquire majority or greater interests in portfolio companies, which could further increase the vulnerability of such funds' portfolios.

***No assurance of Profits or Appreciation.*** It is anticipated that certain clients will invest in one or more External Funds, including any pooled investment fund to which such clients make a commitment or own securities of, and any co-investment or special purpose vehicle whose principal activity consists of making investments in various types of External Funds, as well

as direct investments in portfolio companies. There is no assurance that the investments of the External Funds will be profitable. Any return on investment to such clients will depend upon successful investments made by such External Funds (which will in turn depend on the successful strategies of their Portfolio Managers). There is no assurance that the External Funds will achieve results as strong as their respective historical investment performance (if any). The External Funds may charge our clients significant "carried interest" and a significant management fee.

***Investors May Be Able to Invest in the External Funds Directly at a Lower Cost than Investing Indirectly through an ICONIQ Private Fund.*** An investor who meets the eligibility conditions imposed by the External Funds, including minimum initial investment requirements, could invest directly in the External Funds. By investing in the External Funds indirectly through an ICONIQ Private Fund, an investor bears a proportionate part of the asset-based fees and other expenses paid by such ICONIQ Private Fund, to ICONIQ Capital and other expenses of such ICONIQ Private Fund, and also indirectly bears a portion of the asset-based fees, performance compensation and other expenses borne by such ICONIQ Private Fund as an investor in the External Funds.

***The Fees of Portfolio Managers and External Funds Will Affect Performance and the Fee Arrangements of Those Managers May Involve Special Risks.*** Each Portfolio Manager to which we allocate assets generally on behalf of a client will charge such client, either directly or as an investor in an underlying External Fund, an asset-based fee, and some or all of such Portfolio Managers will receive performance-based compensation (either fees or in the form of profit allocations). The asset-based fees of the Portfolio Managers are generally expected to range from 1% to 4% annually of the net assets under their management and the performance compensation to the Portfolio Managers is generally expected to range from 10% to 25% of net profits annually, but it is possible that such fees or incentive compensation could exceed such levels. The receipt of performance compensation by Portfolio Managers may create an incentive for such Portfolio Managers to make investments that are riskier or more speculative than those that might have been made in the absence of such incentive. In addition, because performance compensation will generally be calculated on a basis that includes unrealized appreciation of an External Fund's or other account's assets, such compensation may be greater than if it were based solely on realized gains. Portfolio Managers may receive compensation for positive performance even if a client's overall returns are negative. Portfolio Managers will receive any performance compensation to which they are entitled, irrespective of the performance of the other External Funds and the applicable client's performance generally. Thus, Portfolio Managers with positive performance may receive performance compensation from the applicable client, either directly or indirectly as an investor in an underlying External Fund, even if such client's overall returns are negative. Investment decisions for the External Funds are made by the Portfolio Managers independently of each other and may conflict with each other. Consequently, at any particular time, one External Fund may be purchasing interests in an issuer that at the same time are being sold by another External Fund. Investing by External Funds in this manner could cause clients to indirectly incur certain transaction costs without accomplishing any net investment result.

***Risks Associated with External Fund Investments.*** Gaining access to External Funds is difficult and there can be no assurance that we will be able to secure for our clients sufficient opportunities to invest in such funds. Competition for investment opportunities is intense and we will be competing for opportunities with pension funds, endowments, foundations, funds-of-funds, and other investors that have substantially larger pools of available capital, longer histories of investing in External Funds and other qualities that may make them more attractive to Portfolio Managers. Identifying and selecting External Funds also is difficult and there can be no assurance that we will be able to identify and select high quality External Funds that offer investment opportunities within a client's investment period or investment mandate. There are many reasons for this, including the following: (i) External Funds are managed by individuals who may leave or change their role within their fund management firms at any time; a Portfolio Manager with an outstanding track record and reputation may become a fundamentally different firm at any time due to personnel changes; (ii) outstanding External Fund returns often are built upon a small number of successful investments relative to the total number of investments in a fund's portfolio; in many cases, it is difficult to determine whether prior returns resulted from the investment practices and qualifications of individual Portfolio Managers or completely unrelated factors; (iii) the skills, practices and other qualifications that served as the basis for a Portfolio Manager's success in prior years may cease to be relevant at any time due to changing technology or other market conditions; (iv) information regarding the internal operations of Portfolio Managers is private and often closely guarded by the Portfolio Managers themselves; in most cases, we will be making investment decisions on the basis of information that is incomplete or impossible to verify; (v) information regarding the investment track records of Portfolio Managers and individual fund managers within those Portfolio Managers often is difficult to assess because of the lack of generally accepted reporting standards within the fund management industry; and (vi) some Portfolio Managers often are highly talented and accomplished individuals who have achieved great success in other domains, but whose ability to translate that success into fund-style investing will be unknown at the time an investment in their fund is made. Once we have identified an External Fund investment opportunity, and gained access to that opportunity, the terms and conditions of investment may not be ideal. In particular, the limited partnership agreements governing External Funds often contain provisions that are favorable to such Funds' Portfolio Managers. In many cases, we may lack sufficient leverage to negotiate for more balanced terms and conditions. Furthermore, generally neither we nor any of our clients will have any control over the activities of or decisions made by the External Funds or their Portfolio Managers, nor any voting or other rights that may allow us to affect our interests or the interests of our clients. Such External Funds generally will be managed solely by their Portfolio Managers.

Beyond the risks associated with access to, and selection and negotiation of, External Fund investments, prospective clients should consider operational risks regarding External Funds. Prospective investors in ICONIQ Private Funds should be aware that most of the risks they face vis-a-vis each ICONIQ Private Fund will be faced in a similar manner by such ICONIQ Private Fund vis-a-vis its External Fund investments, if any.

***Risks Associated with Indirect External Funds' Investments.*** Identifying and participating in attractive investment opportunities is difficult. There often will be little or no publicly

available information regarding the status and prospects of External Funds and their underlying portfolio companies. Many investment decisions by us will be dependent upon the ability of our members and agents to obtain relevant information from non-public sources, and we often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond our control. The External Funds may hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. The External Funds' portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms or may not be available at all. The External Funds' capital may be limited and may not be adequate to protect such External Fund from dilution in multiple rounds of portfolio company financing.

It is possible that a portion of certain External Funds' investment portfolios will consist of securities issued by publicly traded companies (e.g., as the result of a direct investment in publicly traded securities, an initial public offering effected by a previously private portfolio company, acquisition of a private portfolio company by a publicly traded company, or as a result of distribution in-kind of publicly traded securities by an External Fund). The fact that an External Fund's portfolio company is publicly traded will not necessarily reduce the business and other risks associated with an investment in such company. For example, the last few decades have seen multiple periods during which early stage companies have been able to effect initial public offerings, and the stage at which companies are able to effect an initial public offering varies in different markets around the world. Moreover, investments in publicly traded companies often are subject to additional risks, such as increased risks of litigation and greater securities law and other regulatory burdens, as well as risks associated with "insider trading" and similar rules.

***Performance (and Withdrawal Terms) in ICONIQ Access Series.*** An ICONIQ Access series may invest in multiple classes or series of interests of an underlying fund (e.g., an External Fund). Investment in multiple classes of interests by one ICONIQ Access series generally occurs when the ICONIQ Access series makes multiple investments over a series of months in the underlying External Fund: each separate investment date is generally treated as a separate class or series in the underlying fund. Additionally, multiple classes of the underlying External Fund may result when the Portfolio Manager later introduces a subsequent class of interests to increase fund capacity. In this case, the subsequent class of interests of the underlying External Fund may have different terms than the original class, including (potentially) different management fees, performance fees, and withdrawal terms. For example, a subsequent class may pay a lower management fee (as compared to the original class), but may also have more restrictive withdrawal terms (as compared to the original class). If a single ICONIQ Access series invests in multiple classes or series of the underlying External Fund, performance differences (i.e., those that result from different investment timing, a different fee structure, or the potential application of a performance-based fee) are allocated across all investors in the

ICONIQ Access series regardless of the class of interest of the underlying External Fund that the series invested in on the date of an investor's investment in the series. Similarly, where practicable, we manage withdrawals at the ICONIQ Access series level such that, where possible, investors withdrawing from the series may not be subject to the underlying External Fund's withdrawal constraints. Because all investors derive similar benefits from investing through an ICONIQ Access series regardless of the timing of the investment, we believe that allocating performance in such manner is reasonable even though an ICONIQ Access series investor may be subject to performance that may be different from the performance had the investor invested directly with the underlying External Fund. Additionally, in the case of an underlying External Fund introducing additional classes of interest, the investor may be subject to different withdrawal terms than those of any underlying External Fund class.

### *Risks Associated with Private Equity and Venture Capital Investments*

ICONIQ clients make direct and indirect investments in private equity and venture capital opportunities. Certain risks related to direct investments in private equity and venture capital opportunities are listed below, and clients and prospective clients are advised that similar risks apply to indirect exposure to private equity and venture capital opportunities.

***Risk of Early Stage Companies.*** Investments in the private equity and venture capital of companies at an early stage of development involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses. There can be no assurance that such companies will ever be profitable or even have assets or products that generate meaningful revenue.

Furthermore, the marketplace for such "venture capital" and "private equity" investing has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. There can be no assurances that we will locate an adequate number of attractive investment opportunities. To the extent that we experience increased competition for investments, returns to our clients may vary.

***Small Companies.*** Clients' investments will generally be made in unregistered securities of small companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies.

***Risk of Later Stage Companies.*** Investments in companies in a later-stage of development also involve substantial risks. These companies typically have obtained capital in the form of

debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change, which can give rise to significant problems in sales, manufacturing and general management of business activities.

***Lack of Publicly Available Information.*** There often will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by ICONIQ Capital will be dependent upon the ability of its partners and agents to obtain relevant information from non-public sources, and ICONIQ Capital often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify.

***Uncertainty of Financial Projections.*** ICONIQ Capital generally uses financial projections to help analyze potential investments and may use such projections to help analyze future capital raises and financing for portfolio companies or other transactions. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the times that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse effect on the reliability of such financial projections.

***Reliance on Third Parties.*** ICONIQ Capital and our clients may require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, bankers, brokers, custodians, consultants (including "finders" and similar persons engaged to assist with the development and exploitation of portfolio deal flow, as well as "experts" and similar persons engaged to assist with the assessment of technologies, markets and other matters) and various other persons or agents. ICONIQ Capital and its affiliated management/advisory entities may also utilize the services of non-executive directors who provide such services on a professional basis and are not primarily part of any single venture capital/private equity firm. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to our clients could have a material adverse effect upon such clients.

***Control Issues.*** Although we may seek protective provisions, including, possibly, board representation, in connection with certain of our private equity investments, each portfolio company will be managed by its own officers (who generally will not be affiliated with ICONIQ Capital). Our clients may hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. To the extent we take minority or subordinated positions in companies in which we invest, we may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect our clients' position in such companies.

***Need for Follow-On Investments in Portfolio Companies.*** Certain portfolio companies that a client may invest in may need additional capital to support growth or to achieve or maintain



a competitive position. Such capital may not be available on attractive terms. Our clients' capital is limited and may not be adequate to protect our clients from dilution in multiple rounds of portfolio company financing. A company's inability to obtain such capital, whether from certain clients or another source, may have an adverse effect upon such company.

***Provision of Managerial Assistance.*** Certain clients and certain of our employees, officers and partners and/or their respective affiliates may serve on, or designate members to serve on, the supervisory boards or boards of directors of portfolio companies. Serving on such bodies and/or designation of supervisory board members and of directors and other measures contemplated exposes us and/or our respective affiliates and, ultimately, certain clients to potential liability and exposes the assets of a client to claims by an investment, the portfolio company, its security holders and its creditors.

***Competition.*** Venture capital/private equity investing is highly competitive, and has become more so in recent years due to a substantially increased flow of capital into venture capital/private equity funds and similar investment organizations. ICONIQ Capital and its funds will be competing with other established funds and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period.

***Lack of Liquidity.*** Generally, the private equity and venture capital investments made by our clients initially will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. There is no certainty that there will ever be a public market for the securities of portfolio companies held by certain clients. In addition, practical limitations may restrict the ability of a client to sell or distribute its securities in a portfolio company, such as limitations imposed by co-investors, financial institutions or management. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. The lack of liquidity of a client's investments in portfolio companies may preclude or delay any disposition of such investments, or reduce the proceeds that might otherwise be realized from any such disposition.

***Investing in Technology Companies.*** Investing in securities and other instruments of technology companies involves substantial risks. These risks include: the fact that certain portfolio companies may have limited operating histories; rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; scarcity of management, engineering and marketing personnel with appropriate technological training; the possibility of lawsuits related to technological patents; changing investors' sentiment and preferences with regard to technology sector investments (which are generally perceived as risky), with their resultant effect on the price of underlying securities; and volatility in the stock markets affecting the prices of technology company securities, which may cause the performance of our clients' investments to experience substantial volatility.

At the time of our clients' investment, a portfolio company may lack one or more key attributes (e.g., proven technology, appropriate patent protection, marketable product, complete

management team or strategic alliances) necessary for success. Many or most of our portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. In some (possibly most) cases, the success of our portfolio companies will depend upon the development of business, technology or other "ecosystems" that may or may not reach critical mass during the relevant time period. In particular, there have been many examples of technology-related investments that failed to produce attractive returns simply because they were made too early in the development of such ecosystems, and there can be no assurance that we will cause our clients to make investments at the proper time to achieve its investment goals.

***Public Offering of Venture Capital Companies and Technology Companies.*** The public market for high technology and other emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, our ability to dispose of investments for our clients and the value of investment securities on the date of sale or distribution by our clients. In particular, the receptiveness of the public market to initial public offerings by our clients' portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, our clients or the portfolio company's securities typically will be subject to contractual "lock-up", securities law or other restrictions which may, for a material period of time, prevent our clients from disposing of such securities. Similarly, the receptiveness of potential acquirers to our clients' portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, our clients' stock, security or other interests in the surviving entity may not be marketable. There can be no guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition or otherwise, and there is a significant risk that our clients' investments will yield little or no return.

***Investments in Public Securities.*** It is anticipated that a portion of our clients' private equity / venture capital investment portfolios will consist of securities issued by publicly traded companies (e.g., as the result of a direct investment in publicly traded securities, an initial public offering effected by a previously private portfolio company, or acquisition of a private portfolio company by a publicly traded company). The fact that a portfolio company is publicly traded will not necessarily reduce the business and other risks associated with an investment in such company. For example, the last few decades have seen multiple periods during which early stage companies have been able to effect initial public offerings, and the stage at which companies are able to effect an initial public offering varies in different markets around the world. Moreover, investments in publicly traded companies often are subject to additional risks, such as increased risks of litigation and greater securities law and other regulatory burdens, as well as risks associated with "insider trading" and similar rules.

***Regulation of Portfolio Companies.*** Some portfolio companies may be reliant for their success upon regulatory approvals, while others may require changes to existing (or the development of new) regulatory regimes. Regulatory approvals and changed/new regulatory

regimes may be costly, difficult or impossible to obtain (and, if obtained, may be forthcoming only after a very extended period of time). Investments into certain types of regulated portfolio companies may impose costly and burdensome regulatory obligations upon ICONIQ Capital or its clients themselves.

***Private Credit.*** There are certain risks associated with private credit strategies. Such risks include the risk of nonpayment of scheduled interest or principal payments on a debt investment. Because private credit can be debt investments in non-investment grade borrowers, the risk of default may be greater than with other types of debt investments. Interest rate risk is another common risk associated with private credit. Interest rate changes will affect the amount of interest paid by a borrower in a floating rate loan, meaning they are correlated with broader interest rate fluctuations. However, this typically has little to no impact on the underlying value of floating rate debt. Further, private credit strategies are generally illiquid which require longer investment time horizons than other types of investments.

### *Risks Associated with Real Estate Investments*

ICONIQ Capital clients make direct and indirect investments in real estate and real estate-related opportunities. Certain risks related to direct investments in real estate and real estate-related opportunities are listed below, and clients and prospective clients are advised that similar risks apply to indirect exposure to real estate and real estate-related opportunities.

***Real Estate Generally.*** Real estate and real estate-related investments generally will be subject to the risks incident to the ownership and operation of real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including: (i) risks associated with the general economic climate; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing; (viii) energy and supply shortages; (ix) changes in tax, real estate, environmental and zoning laws and regulations beyond the control of ICONIQ Capital; (x) various uninsured or uninsurable risks; (xi) natural disasters; and (xii) or ability or the ability of third-party borrowers to manage the real properties. With respect to investments in the form of real property indirectly owned by our clients, such clients will incur the burdens of ownership of real property, which include the paying of expenses and material taxes, maintaining such property and any improvements thereon and ultimately disposing of such property. With respect to investments in equity securities, debt securities or other financial instruments, our clients will in large part be dependent on the ability of third parties to successfully operate the underlying real estate assets. In addition, our clients may invest in mortgage loans that are structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. Our investment strategy, which may involve the acquisition of distressed or underperforming assets in a leveraged capital structure, will involve a high degree of legal and financial risk, and there can be no assurance that our rate of return objectives will be realized for our clients or that there will be any return of capital. There is no assurance that

there will be a ready market for resale of investments because investments in real estate-related assets generally are not liquid. Illiquidity may result from the absence of an established market for the investments, as well as from legal or contractual restrictions on their resale by our clients. The possibility of partial or total loss of capital exists.

***Joint Ventures.*** Our clients may invest in vehicles that enter into real estate joint ventures, and to a lesser extent will directly enter into such joint ventures. Such investments may involve risks not inherent in other types of investment vehicles, including, for example, the possibility that such persons might become bankrupt, have economic or business interests or goals inconsistent with those of our clients or otherwise be in a position to take action inconsistent with our clients' desires, policies or objectives. Action taken by such persons might subject the property to liabilities in excess of, or other than, those contemplated. In addition, we and our clients may rely upon the abilities and management expertise of the co-venturer or partner. It may also be more difficult for us to sell our clients' interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments. We may grant co-venturers or partners veto powers with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks. A deadlock could adversely affect investment returns or value, or require our clients to use their assets to purchase the interest of the co-venturer or partner under agreements providing for the forced sale of such interest.

Additionally, co-venturers or partners are granted incentive, promote, property management and/or similar fees or compensation. Such compensation structures may create incentives to take action inconsistent with our clients' desires, policies or objectives and could also negatively impact our clients' returns.

Furthermore, if such co-venturer or partner defaults on its funding obligations, it may be difficult for us to make up the shortfall from other sources. Our clients may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of their investments. In addition, our clients may be liable for the actions of co-venturers or partners. We will review the qualifications of and previous experience of co-venturers or partners, but do not expect to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners.

***Debt Market Conditions.*** Volatility in the U.S. debt markets may adversely affect our clients' activities because it may affect our ability, or the ability of a prospective purchaser of a property to obtain financing on favorable terms, or at all.

***Rental Properties.*** The yields available from rental property ownership depend on the amount of rental income earned and asset appreciation generated by the related properties as well as the expenses incurred in connection therewith. If any of our clients' properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, the value of our clients' investments could be adversely affected. There can be no assurance that any property in which our clients invest will be able to generate income sufficient to meet operating expenses. The successful operation of the rental properties is also dependent upon,

among other things, in the area of the properties: (i) the degree to which each property competes with other available properties in the area; (ii) timely collection of rent and other charges payable by tenants; (iii) timely renewal or replacement of existing tenants and leases; (iv) operating costs; (v) increases in rents and charges to cover increases in operating expenses (including taxes, utility rates and maintenance costs) and the costs of required repairs resulting from reasonable wear and tear and casualties; (vi) the impact of applicable federal, state and local laws; and (vii) the performance of the property manager.

Many of the costs associated with the ownership of an equity interest in real estate, such as debt service, real estate taxes and assessments, maintenance expenses and certain operating costs, are relatively fixed and payable whether or not cash flow from such real estate is sufficient for such payments. In addition, many of such costs are beyond the control of the owner or management agent of the property and may increase over time, whether or not rents and other charges payable by tenants may be increased. There may also be shortages of or delays in obtaining the supplies and materials needed to operate a project, such as heating fuels, gasoline, electrical power or other supplies and materials. In addition to the general types of risks identified above, certain types of income-producing projects may be subject to specific risks.

***Multi-Family Properties.*** Multi-family residential properties are generally subject to all of the risks attendant upon the ownership and operation of other real estate assets. In addition to such other risks, the value and successful operation of a multi-family property may be affected by a wide range of factors, including the physical attributes of the property such as its age, condition, design, appearance, access to transportation and construction quality; its location; the quality of property management; the ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property or surrounding area provides and the property's or the area's reputation; the level of mortgage interest rates and availability of government incentives, which may encourage tenants to purchase rather than lease housing; the generally short terms of residential leases; the presence of competing rental properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; state and local regulations, which may affect the building owner's ability to increase rent to the level of market rents for an equivalent home; government assistance/rent subsidy programs; and the inventory of unsold properties in the local market that are being rented until economic conditions improve. In addition, certain jurisdictions regulate the relationship between an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules and retaliatory evictions. If any of such risk factors are heightened or the conditions associated with such risk factors deteriorate, our clients' investments in such properties or in the owners and operators of such properties may incur losses.

***Office Properties.*** Investments in office properties involve a number of risks, including the impact of the general economic climate and local real estate conditions on the building's

tenants; the quality of an office building's tenants; an economic decline in the business operated by the tenants; the physical attributes of the building in relation to competing buildings (*e.g.*, age, condition, design, appearance, location, access to transportation and ability to offer certain amenities, such as sophisticated building systems and/or business wiring requirements); the physical attributes of the building with respect to the technological needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants; the diversity of an office building's tenants (or reliance on a single or dominant tenant); the availability of sublease space; the desirability of the area as a business location; the strength, nature and unemployment rates of the local economy, including labor costs and quality, tax environment and quality of life for employees; and an adverse change in population, patterns of telecommuting or sharing of office space and employment growth (which creates demand for office space).

***Industrial Properties.*** With respect to industrial leases, tenant needs may change very quickly, especially certain technological needs. An industrial facility that is technologically up to date today may very soon require major renovations to meet new, unforeseen needs of certain tenants. Location of an industrial property can likewise be a variable, if newer facilities and complexes are built in a different area or if tenants relocate. Further, industrial complexes may be exposed to greater potential for environmental issues, posing a larger risk to our clients.

***Retail Properties.*** Retail businesses are especially sensitive to an economic downturn, and they present a degree of sensitivity to the financial climate not seen in other types of real estate investments, such as residential properties. Retail tenants are difficult to attract and maintain, and the quality of tenants can impact the value of retail property investments. Commercial properties can quickly lose value if space becomes vacant or if a lease is about to expire, placing further pressure on our clients' investment.

***Hospitality.*** Hospitality properties are subject to certain operating risks, including reductions of occupancy or room rates, increases in real estate and other tax rates, wages and benefits, utility costs, insurance costs, repairs and maintenance and administrative expenses, all of which may adversely affect such property's cash flows. In addition, more so than other property types, hospitality properties frequently have ongoing obligations to make renovations and other capital improvements in order to stay competitive, including, without limitation, replacements, from time to time, of furniture, fixtures and equipment, particularly if such hospitality property is a branded hotel. These obligations are subject to a number of risks, including, without limitation, that (a) cash flow from operations and reserves may be inadequate to fund capital improvements, (b) financing for these capital improvements may not be available on affordable terms, and (c) market demand for hotel properties following the undertaking or completion of capital improvements will not exist or will continue to be diminished. The costs of capital improvements could negatively impact the financial condition of a hospitality property. A hospitality property may be managed by a third-party hotel management companies pursuant to management agreements (or a lease for the entire hotel property which contains terms similar to traditional hotel management agreements). Accordingly, its business and operating results depend in large part upon the performance of these hotel management companies under their management agreements. In addition, hotel properties may not readily be converted to

alternative uses if they were to become unprofitable due to competition, age of improvements, decreased demand or other factors. Moreover, the conversion of a hotel to alternative uses would generally require substantial capital expenditures.

***Self-Storage.*** Our clients may invest in self-storage properties, which may be adversely affected by the national economic climate and the local or regional economic climate, which may be adversely impacted by, among other factors, industry slowdowns, relocation of businesses and changing demographics; periods of economic slowdown or recession, rising interest rates or declining demand for self-storage or the public perception that any of these events may occur could result in a general decline in rental rates or an increase in tenant defaults; local or regional real estate market conditions such as the oversupply of self-storage or a reduction in demand for self-storage in a particular area; perceptions by prospective users of self-storage properties of the safety, convenience and attractiveness of the properties and the neighborhoods in which they are located; increased operating costs, including need for capital improvements, insurance premiums, real estate taxes and utilities; changes in supply of or demand for similar or competing properties in an area; the impact of environmental protection laws; earthquakes and other natural disasters, terrorist acts, civil disturbances or acts of war which may result in uninsured or underinsured losses; and changes in tax, real estate and zoning laws.

***Manufactured Housing.*** Our clients may invest in manufactured housing. Risks relating to manufactured housing include the national and local economic climate which may be adversely affected by, among other factors, plant closings, and industry slowdowns; local real estate market conditions such as the oversupply of manufactured home sites or a reduction in demand for manufactured home sites in an area; the number of repossessed homes in a particular market; the lack of an established dealer network; the rental market which may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates; the safety, convenience and attractiveness of properties and the neighborhoods where they are located; zoning or other regulatory restrictions; competition from other available manufactured housing communities and alternative forms of housing (such as apartment buildings and single-family homes); failure to provide or obtain adequate management, maintenance and insurance; increased operating costs, including insurance premiums, real estate taxes and utilities; and the enactment of rent control laws or laws taxing the owners of manufactured homes.

***Data Centers.*** Our clients may invest in data centers. Adverse developments in the data center market or in the industries in which our customers operate could lead to a decrease in the demand for data center space or managed services. These adverse developments could include: a decline in the technology industry, such as a decrease in the use of mobile or web-based commerce, industry slowdowns, business layoffs or downsizing, relocations of businesses, increased costs of complying with existing or new government regulations and other factors; a slowdown in the growth of the Internet generally as a medium for commerce and communication; a downturn in the market for data center space generally such as oversupply of or reduced demand for space; and the rapid development of new technologies or the adoption of new industry standards that render customers' current products and services obsolete or

unmarketable and that contribute to a downturn in customer businesses, increasing the likelihood of a defaults under leases or that data center customers become insolvent or file for bankruptcy protection. The occurrence of any of these or other adverse conditions can adversely impact market rents for, and cash flows from, data center properties, which could adversely affect our clients.

### *Risks Associated with Investments in Real Assets*

We will seek to generate attractive returns while providing inflation protection and diversification and downside protection by investing the assets of certain of our clients in assets that are historically less correlated to the financial markets. Examples of real assets and certain risks associated therewith include:

***Metals.*** Prices of metals (e.g., gold, silver, platinum, palladium, etc.) are affected by factors such as cyclical economic conditions, political events, mining activities/conditions and monetary policies of various governments and countries. In addition, certain precious metals are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values. Gold, aluminum, steel and other metals are also subject to governmental action for political reasons. The markets for metals are volatile and there may be sharp fluctuations in prices even during period of rising prices.

***Energy.*** Markets for energy-related assets, including electricity, coal, natural gas, crude oil and other petroleum products, can be susceptible to substantial price fluctuations over short periods of time and are particularly affected by political events, natural disasters, exploration and development success or failure, and technological changes. In addition, significant short-term price volatility can be caused by the inability to store electricity, tariff regulation and consumer advocacy.

### *Risks Associated with More-Liquid Investments*

Our clients make direct and indirect investments in more-liquid opportunities for investment purposes to seek to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. Below represents risks relating to some of the specific sectors and investments in which our clients may invest directly or indirectly.

#### **Cash and Cash Equivalents**

***Cash Equivalents.*** We (or a Portfolio Manager) may elect to maintain a portion of our clients' assets in cash and cash equivalents, such as money market funds, government agency obligations, short-term government bonds or Treasury bills, marketable securities and commercial paper. Investments in cash equivalents provide greater security and liquidity than other types of investments but do not usually offer as high a rate of return. In particular, because money market funds may only invest in securities with a lower level of risk, over time they may produce lower returns than investments in stocks or bonds, which entail higher levels of risk. While money market funds seek to purchase and manage instruments to maintain a



stable \$1.00 share price, there is no guarantee that a money market fund will be able to do so. For example, a major increase in interest rates or a decrease in the credit quality of the issuer of one of a money market fund's investments could cause the money market fund's share price to decrease and our clients could incur a loss.

## **Liquid Fixed Income**

**High-Yield.** Bonds or other fixed-income securities that are "higher yielding" debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have more traditional methods of financing available to them. In addition, our clients may directly or indirectly invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

Our clients may directly or indirectly invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

**Corporate Debt.** Bonds, including certain investment-grade bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Our clients may be paid interest in kind in connection with their investments in corporate debt and related financial instruments (e.g., the principal owed to a client in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, such client may experience substantial losses.

***Municipal Securities.*** Various factors may adversely affect the value and yield of municipal securities, including municipal bonds. These factors include political or legislative changes and uncertainties related to the tax status of municipal securities or the rights of investors in these securities. To the extent that our clients invest heavily in a particular state's municipal securities, such clients will be more vulnerable to factors affecting that state. Our clients' investments in revenue securities, where principal and interest payments are made from the revenue of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant impact on the project's ability to make payments of principal and interest on these securities.

***Debt Securities.*** Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

***Interest Rate Risk.*** Changes in interest rates can affect the value of our clients direct and indirect investments in fixed-income instruments. Increases in interest rates may cause the value of such clients' debt investments to decline. Such clients may experience increased interest rate risk to the extent they invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

***Prepayment Risk.*** The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact our clients' portfolios in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that we, or a Portfolio Manager, may have constructed for these investments, resulting in a loss to such clients' overall portfolio. In

particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

***Zero-Coupon and Deferred Interest Bonds.*** Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

***Mezzanine Debt.*** Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. Our ability, or the ability of an External Fund or Portfolio Manager, to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a client's direct or indirect portfolio company or similar event, such client's debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

***Stressed Debt.*** Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

***Non-Performing Nature of Debt.*** Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

***Troubled Origination.*** When financial institutions or other entities that are insolvent or in serious financial difficulty originate debt, the standards by which such instruments were originated, the recourse to the selling institution, or the standards by which such instruments are being serviced or operated may be adversely affected.

***Sovereign Debt.*** Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued ("**Sovereign**

**Debt**"), including securities that we, or a Portfolio Manager, believe are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

***Equitable Subordination.*** Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If we or an External Fund engages in such conduct, we or such External Fund may be subject to claims from creditors of an obligor that debt held by us or such External Fund should be equitably subordinated.

***Loan Investments.*** Success in the area of loan investing will depend, in part, on our or a Portfolio Manager's ability to obtain loans on advantageous terms. In purchasing loans, clients will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

***Leveraged Loans.*** "Leveraged loans" are loans made to companies with a below investment-grade rating from any nationally recognized rating agency. Such loans may be performing poorly when a client directly or indirectly acquires them. There is no assurance that we or a Portfolio Manager will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. A client may lose its entire investment or may be required to accept cash, property or securities with a value less than such client's original investment and/or may be required to accept payment over an extended period of time.

***Investments in Structured Products.*** Our clients may directly or indirectly invest in securities backed by, or representing interests in, certain underlying instruments or assets ("**structured products**"). The cash flow on the underlying instruments or assets may be apportioned among the structured products to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to the structured products is dependent on the extent of the cash flow on the underlying instruments. The performance of structured products will be affected by a variety of factors, including the availability of any credit enhancement, the level and

timing of payments and recoveries on, and the characteristics of, the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. Structured products are typically sold in private placement transactions, and investments in structured products may therefore be illiquid in nature, with no readily available secondary market. Because certain structured products of the type in which our clients may invest may involve no credit enhancement, the credit risk of those structured products generally would be equivalent to that of the underlying instruments. Our clients may directly or indirectly invest in a class of structured products that is either subordinated or unsubordinated to the right of payment of another class. Subordinated structured products typically have higher yields and present greater risks than unsubordinated structured products.

Additionally, the yield to maturity of a tranche may be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that a clients may incur losses on its investments in structured products regardless of their original credit profile. Finally, the securities in which our clients or underlying External Funds are authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions.

***Risks Related to Structured Finance Securities.*** Our clients may directly or indirectly invest in structured finance securities. Structured finance securities are generally debt securities that entitle the holders thereof to receive payments of interest and principal that depend primarily on the cash flow from or sale proceeds of a specified pool of assets, either fixed or revolving, that by their terms convert into cash within a finite time period, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities.

Investing in structured finance securities entails various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks and legal risks.

Structured finance securities are subject to the significant credit risks inherent in the underlying collateral and to the risk that the servicer fails to perform. Such securities may include credit enhancements designed to raise the overall credit quality of the security above that of the underlying collateral, but insurance providers and other sources of credit enhancement may fail to perform their obligations.

We expect that some structured finance securities may directly or indirectly hold will be subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. In addition, many of the related transactions have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels.

Consequently, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. Additionally, as a result of cash flow being diverted to payments of principal of more senior classes, the average life of such securities may lengthen.

Structured finance securities are also subject to the risks of the assets securitized. In particular, they are subject to risks related to the quality of the control systems and procedures used by the parties originating and servicing the securitized assets. Deficiencies in these systems may negatively affect the value of the securities, including by resulting in higher-than-expected borrower delinquencies or the inability to effectively pursue remedies against borrowers due to defective documentation.

***ABS and MBS Generally.*** The investment characteristics of asset-backed securities ("**ABS**") and mortgage-backed securities ("**MBS**") differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

***Commercial MBS.*** Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

***Collateralized Debt Obligations.*** There are a variety of different types of collateralized debt obligations ("CDOs"), including CDOs collateralized by trust preferred securities and asset-backed securities and CDOs collateralized by corporate loans and debt securities called collateralized loan obligations ("CLOs"). CDOs may issue several types of securities, including CDO and CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO debt. CDOs are subject to credit, liquidity and interest rate risks, which are each discussed in greater detail above. The CDO equity may be unrated or non-investment grade. When holding a CDO equity, our clients or the underlying External Fund will have limited remedies available upon the default of the CDO. Such clients or External Funds may be unable to find a sufficient number of attractive opportunities to meet their investment objective or fully invest its committed capital. For example, from time to time, the market for CDO transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. CDOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CDOs to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the related CDOs to a greater degree of risk with respect to economic downturns relating to such industry.

The value of CDOs generally fluctuates with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO ("**CDO Collateral**"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for payment of the deficiency and following realization of the CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished. CDO Collateral may consist of high-yield debt securities, loans, asset-backed securities and other securities, which often are rated below investment grade (or of equivalent credit quality). High-yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high-yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative.

## **Liquid Equity**

***Listed Equity Securities Generally.*** The value of equity securities of public, listed companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, a client may suffer losses if it invests directly or indirectly in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and the client is not hedged against such a general move. Our clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering

marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

***PIPE Transactions.*** Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a "**PIPE**" transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly-issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in clients directly or indirectly acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. Such client's or External Fund's ability to dispose of securities directly or indirectly acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of any small capitalization company due to the possible small number of stockholders. As a result, even if such securities acquired in a PIPE transaction are able to be registered or sold through an exempt transaction, clients or underlying External Funds may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could directly or indirectly hurt the market value of such client's investments.

***Investments in Undervalued Assets.*** Our clients may invest directly or indirectly in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from such investments may not adequately compensate investors for the business and financial risks assumed.

Clients or underlying External Funds may be forced to sell, at a substantial loss, assets that are not, in fact, undervalued. In addition, such clients or External Funds may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of such client's funds would be committed to the assets purchased, possibly preventing such client from investing in other opportunities. In addition, such clients or the External Funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

***Exchange-Traded Funds.*** Exchange-traded funds ("**ETFs**") are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and



dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector-specific, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of ICONIQ Capital's and/or an External Fund's expenses, clients may also indirectly bear similar expenses of an ETF.

### **Short-Dated Specialty Finance**

***Risks Relating to Investments in Trade Receivables.*** Clients may invest directly or indirectly in trade receivables, which may include, but are not limited to, such items as purchase agreements or other performance contracts, leases of various types of real and personal property, and receivables from sales agreements or other trade contracts. Trade receivables are generally unsecured and may be subject to risks like obligor default during difficult business periods, dilution risk, commingling risk or servicer default.

***Warehouse Agreements.*** Clients may enter directly or indirectly into warehouse agreements ("**Warehouse Agreements**") with certain collateral managers, including the manager of an External Fund. Pursuant to such Warehouse Agreements, such client or External Fund may provide financing, either directly or indirectly, for the purchase of assets, or may own certain assets ("**Warehouse Securities**") in anticipation of such assets constituting the collateral of a CDO or other structured transaction (a "**Structured Transaction**"). Upon the closing of the Structured Transaction to which the Warehouse Agreement relates, such client or External Fund may or may not purchase securities issued in such Structured Transaction. Such client or External Fund may not achieve its investment objective in financing the warehouse if the Warehouse Securities are not purchased in the Structured Transaction or where the Structured Transaction fails to close. A collateral manager will purchase Warehouse Securities from the warehouse for a Structured Transaction only to the extent that the collateral manager determines that such purchases are consistent with the investment guidelines of the Structured Transaction, the restrictions contained in the collateral management agreement and applicable law. If Warehouse Securities are not purchased for a Structured Transaction, depending on the terms of the Warehouse Agreement, Warehouse Securities may be liquidated, which may result in a direct or indirect profit or a loss to such client, or such client or External Fund may take possession of the Warehouse Securities. In either case, such client or External Fund will bear the risk that the value of such Warehouse Securities may be below their purchase price. If a Structured Transaction fails to close, in addition to the foregoing risks, such client may not be directly or indirectly paid for financing the warehouse facility.

***Bridge Loans.*** It is a common practice for financial institutions to commit to providing bridge loans to facilitate acquisitions, including leveraged buyouts and real estate, where they serve as advisers to the purchaser. Bridge loans are frequently made because, for timing or market

reasons, longer-term financing is not available at the time the funds are needed, which is often at the time of the closing of an acquisition. In the past, these commitments were not frequently drawn upon due to the availability of other sources of financing; however, due to market conditions affecting the availability of these other sources of financing (principally high-yield bond transactions), bridge loan commitments have been and may be drawn upon more regularly. Since these commitments were not regularly drawn upon in the past, there is little history for investors to rely upon in evaluating investments in bridge loans. Bridge loans often have shorter maturities. Borrower and lenders typically agree to shorter maturities based on the anticipation that the bridge loans will be replaced with other forms of financing within such shorter time period. However, the source and timing of such replacement financing may be uncertain and can be affected by, among other things, market conditions and the financial condition of the borrower at the maturity date of the bridge. If the borrower is unable to obtain replacement financing and repay the bridge loan at maturity, the terms of the bridge loan may provide for the bridge loan to be converted to a longer term loan. If bridge loans are not repaid (or cannot be disposed of on favorable terms) on the dates projected by us or a Portfolio Manager, there may be an adverse effect upon our ability, or the ability of such Portfolio Manager, to manage the assets in accordance with our models and projections or an adverse effect upon such client's performance.

***Fraud Associated with Loans.*** Of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of a client or External Fund to perfect or effectuate a lien on the collateral securing the loan. Such client or External Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to such client or External Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

***Short-Term Market Considerations.*** When trading decisions are made on the basis of short-term market considerations, increase in portfolio turnover rate could result in significant trading related expenses.

## **Other Investments and Considerations**

***Loan Originations.*** Changing market conditions may make it more difficult to analyze potential opportunities to make portfolio investments through loan originations. Success will depend, in part, on the ability to effectively analyze potential loan origination opportunities in order to assess the level of risk-adjusted returns to be expected from any such investment. To estimate the value of a particular asset securing such originated loan, we or a Portfolio Manager may use historical assumptions that may or may not be appropriate. To the extent that historical assumptions are used that are inappropriate under then-current market conditions, such lender may permit excessive borrowing and thus overpay for an asset or acquire an asset that it otherwise might not acquire.

**Securitization Risk.** The ability to securitize the loans which clients directly or indirectly originate or invest in and/or the attractiveness thereof may lessen with changes in the capital markets, including any disruption in the proper functioning of the securitization market. Such clients may have to directly or indirectly retain a larger portion of the underlying loans and/or hold the loans to maturity.

### **Item 9. Disciplinary Information**

Our Firm has no disclosable disciplinary information.

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

Neither ICONIQ Capital nor any of our affiliates or Principals are registered or have an application pending to register as:

1. a broker-dealer or a registered representative of a broker-dealer; or
2. a futures commission merchant, commodities pool operator, a commodity-trading adviser, or an associated person of the foregoing entity.

As described in Item 4.A., we sponsor and advise the ICONIQ Private Funds. Affiliated entities serve as general partners to ICONIQ Private Funds. Although this arrangement gives the Firm heightened control and discretion over the ICONIQ Private Funds, the Firm seeks to manage any conflicts of interest by adhering to the ICONIQ Private Funds' investment strategies and objectives, and to the Firm's allocation policy discussed in Item 11.D, *Allocations of Limited Investment Opportunities*. Conflicts of interest also arise from time to time in allocating time, services, or other resources among our Firm's clients, including to the investment activities of ICONIQ Private Funds. Investments identified by our Firm that are within the investment strategy and objectives of the ICONIQ Private Funds will be offered to those funds in accordance with the allocation policy discussed at Item 11.D, *Allocations of Limited Investment Opportunities*. For additional information about ICONIQ Private Funds, including their general partners, refer to our Form ADV, Part 1A, Schedule D, Section 7.B.(1) (Private Fund Reporting) available at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

IPI Partners, LLC ("**IPI**") is a related person of our Firm and an SEC registered investment adviser. IPI is jointly owned and controlled by ICONIQ Capital, LLC and Iron Point DC Management, LLC (which is an affiliate of Iron Point Partners, LLC). Conflicts of interest arise from time to time in allocating time, services, or other resources among our Firm and the investment activities of IPI. Certain personnel of our Firm are obligated to devote a certain amount of time to funds sponsored by IPI. Accordingly, such personnel's time will not be dedicated exclusively to our Firm. Investments identified by our Firm that are within the investment strategy and objectives of the funds sponsored by IPI will be offered to those funds. The funds sponsored by IPI focus on real estate investments in data centers or technology connectivity-related assets. For more information about IPI, refer to the Form ADV for IPI Partners, LLC available at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Certain clients of ICONIQ Capital and its affiliates, including IPI, enter into joint ventures or other agreements with third parties holding (or agreeing to purchase) the same real estate investments as such clients for purposes of making a real estate investment or collectively pursuing a particular strategy (each such partner, an "**Operating Partner**"). Under certain of such agreements, the Operating Partner takes a lead role in managing the investments or implementing such joint strategies or investments and controls certain decisions (including major decisions) with respect to such investment and, as a result, generally is compensated through fees, a profit participation or some other form of compensation. To the extent such investments or agreements are made, clients will bear their *pro rata* share of the investment management fees, profit participations (or promotes), other fees and/or expenses charged by the Operating Partner, in addition to the fees of ICONIQ Capital. Clients will bear multiple layers of fees and allocations that generally would not be incurred if the investments were made solely by ICONIQ Capital clients or directly (as opposed to through a joint venture or other agreement).

Due to the nature of our clients, investors, and our investment activities, we have multiple relationships, engagements and affiliations with clients, investors, and the investments made by the ICONIQ Private Funds or otherwise recommended by us. Certain of our clients, investors, and investing partners serve on our advisory board; while other clients provide other services to ICONIQ. Certain of our clients sporadically engage in borrowing arrangements with entities affiliated with our Firm and/or the ICONIQ Private Funds. Certain of our advisory clients are affiliated with portfolio companies held by one or more ICONIQ Private Funds. Further, certain of such portfolio companies may provide services to us and/or the ICONIQ Private Funds. These relationships and engagements among clients, investors, and investments present certain conflicts of interest, including the potential of more favorable treatment for certain clients. Despite these conflicts of interest, we endeavor to treat all clients fairly and only make or recommend investments which we believe to be in the best interests of or our clients, in consideration of each client's financial circumstances and investment strategy. Additionally, we follow an investment process and negotiate terms that we believe are appropriate for the types of investments we make and the types clients to whom we recommend such investments. Please also refer to Item 11.D, *Allocations of Limited Investment Opportunities*, below for additional information and conflicts of interest presented by our financial industry activities.

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

We believe that our business model is unique and, as such, current and prospective clients (and current and prospective investors in the ICONIQ Private Funds) should understand that we face a significant number of conflicts of interest, some of which are described in this Item 11, and others of which are discussed in this Brochure (including in Items 5, 6, 10, 8 and 14), as well as in any placement memorandum or subscription documents that we may distribute to investors in funds that we advise.

## **A. Code of Ethics**

Our Firm has established a Code of Ethics that applies to all of our associated persons, including our Principals, partners, officers, employees (or other persons occupying a similar status or performing a similar function) and any other person who provides advice on its behalf and is subject to our supervision and control ("**Supervised Persons**"). As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty to our clients is considered the core underlying principle for our Code of Ethics, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our Supervised Persons to conduct business with the highest level of ethical standards and to comply with federal and state securities laws. Upon employment or affiliation and at least annually thereafter, all Supervised Persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our Firm and Supervised Persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

Our Code of Ethics covers personal trading, and permits personal investments. However, investments by our personnel pose conflicts of interests that may not be present with other investment advisers:

- Our personnel are often offered the opportunity to invest in unregistered offerings, generally of venture-stage companies.
- Our personnel invest in client offerings, often later than clients or non-clients that are investing in the opportunity.

When these opportunities fall within the investment programs of one or more of our clients, we have a conflict of interest. Our personal trading and allocation policies are designed to address these situations, such as by mandating a minimum threshold for an investment opportunity to be allocated to our clients, but assessments of these opportunities are inherently subjective and current and prospective clients and investors should understand that lucrative investment opportunities may be offered to (and accepted by) our Principals and personnel without being offered to our clients.

## **B. Securities Recommendations**

We may recommend that our advisory clients invest in one or more ICONIQ Private Funds. Our sponsorship and management of the ICONIQ Private Funds gives us incentives, including financial incentives in certain circumstances, to recommend these products and presents a conflict of interest. Notwithstanding these conflicts of interest, we endeavor to only recommend an investment product when we believe the investment to be in the best interest of the client, considering the client's objectives, risk tolerance, limitations, and capital available for investment.

We may recommend External Funds with which our Principals or our clients are affiliated or from whom we may receive other benefits. We strive to identify those relationships in our investment process and disclose the relationship or circumstance to clients at the time of investment.

Further information on conflicts of interest related to securities recommendations are disclosed in the ICONIQ Private Funds' constituent documents. We encourage investors in ICONIQ Private Funds to review those documents.

From time to time we determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "**Cross Trade**") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If we decide to engage in a Cross Trade, we will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients and otherwise in accordance with our compliance obligations.

### **C. Securities Transactions and Related Persons**

Supervised Persons of our Firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize the potential conflicts of interest of this practice, our Supervised Persons will adhere to our Firm's Code of Ethics and the personal trading requirements contained therein. Specifically, our Supervised Persons are required to obtain pre-approval for personal securities transactions and trade within certain limitations designed to mitigate the potential for conflicts of interest.

Generally, our Firm and its related persons do not, as principals, buy securities from or sell securities to our clients. However, under exceptional circumstances the Firm or its related persons may engage in principal transactions. In such circumstances, we disclose to the client in writing the capacity in which we are acting and obtain client consent to the transaction.

### **D. Allocations of Limited Investment Opportunities**

Due to the limited nature of some offerings, not all clients will be able to participate in every investment opportunity. We have adopted a Limited Investment Opportunity Allocation Policy (as amended from time to time, the "**Policy**") that sets forth the framework and factors that we consider in making allocation decisions among and between clients and other third parties. The Policy provides procedures and factors utilized to determine allocations and suitability among our clients. It also provides that our Supervised Persons may invest in limited investment opportunities at the same time clients invest in those same opportunities, with certain limits. Pursuant to the Policy, Supervised Persons may also make investments in limited opportunities that are not offered to clients if such Supervised Person's investments are below certain thresholds. Furthermore, the Policy provides that for certain investment opportunities, we from time to time make investment opportunities available, on a co-investment basis or otherwise, to merchant banking investors and other investors, including, without limitation, growth equity, venture capital and private equity funds, strategic partners, and potential clients and business partners which are strategic to our business. These allocation practices create conflicts of interest because the investments of the

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Supervised Persons or third-party investors are in preference to clients and consume investment capacity that would otherwise be available for our clients. The foregoing is not intended to be a full summary of the Policy. Clients may request copy of the Policy from a member of the client team or by email to [compliance@iconiqcapital.com](mailto:compliance@iconiqcapital.com).

## **Item 12. Brokerage Practices**

### **A. Broker Dealer Recommendations**

Our Firm is independently operated and owned and is not affiliated with any custodian or broker dealer.

Our Firm is, in certain circumstances, appointed by a client to directly manage a portion of client assets pursuant to a written advisory agreement with the client ("Client Direction Letter"). In such cases, we will act as the client's agent in fact to buy and sell securities on a fully discretionary basis with authority to select the securities and amount thereof for the client account through a broker-dealer. We generally have full discretionary authority to manage the ICONIQ Private Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Our authority is limited by our own internal policies and procedures and each ICONIQ Private Fund's investment guidelines.

Portfolio Managers in certain circumstances have the same level of discretionary trading authority as we do. It should be noted that we have the discretion to grant discretionary trading authority to Portfolio Managers, who shall execute transactions in the same manner as previously described.

Client assets are generally held with an independent qualified custodian (collectively, and together with all affiliates, "**Custodians**") not affiliated with our Firm. In many circumstances, the broker-dealer through which transactions will be placed would be the Custodians' affiliated broker-dealer or on a prime brokerage basis through another broker-dealer.

The independent broker-dealer or Custodian is authorized to follow the instructions of our Firm and/or Portfolio Manager(s) in placement and settlement of trades, wiring of funds and other requests (subject to client letters of authorization). Our Firm and Portfolio Managers have an obligation to execute securities brokerage transactions for client accounts through broker-dealers that our Firm or the Portfolio Managers believe will provide "best execution". We seek best execution and in doing so, consider whether the transaction represents the best quantitative and qualitative execution. In selecting a Custodian or broker-dealer, we take into consideration the full range of a Custodian's affiliated broker-dealer services and prime brokerage services, including the value of research provided, execution capability, trade execution costs, and responsiveness. Even though an account is maintained at a Custodian, we still use other brokers to execute trades for client accounts.

Our clients may pay a commission to a broker dealer or Custodian that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good

faith that the commission is reasonable in relation to the value of the brokerage, research and other services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

#### Further Information About Custodians

Our Firm has arrangements with certain Custodians through which Custodians provide our Firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Custodians' institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Custodians also offer other services and benefits intended to help our Firm manage and further develop its advisory practice. Such services and benefits include, but are not limited to, performance reporting, financial planning, customer relationship management systems, third party research, publications, compliance systems, consulting services, access to educational conferences, roundtables and webinars, practice and business management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly. Custodians may discount or waive their fees for some of these services or pay all or a part of a third party's fees. Additionally, Custodians sponsor and fund joint events.

As a result of receiving the services and funding described in this section for no additional cost, we have an incentive to continue to use or expand the use of a Custodian's services. We have evaluated this conflict of interest and we believe that the relationship is in the best interest of our Firm's clients and satisfies our client obligations, including our duty to seek best execution.

Custodians generally do not charge advisory clients separately for custody services, but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Custodian or that settle into Custodians accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Custodians may provide access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Custodians' commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Custodians may be higher or lower than those charged by other custodians and broker-dealers.



## **1. Research and Other Soft Dollar Benefits**

Our Firm has arrangements with financial firms that provide us with their "platform" services. None of these benefits are soft-dollar credit arrangements. The platform services include, among others, brokerage, custodial, administrative support, recordkeeping and related services that are intended to support our Firm in conducting business and in serving the best interests of our clients but that may also benefit our Firm.

As part of the platform services arrangement described in this section, a Custodian from time to time also makes certain research and brokerage services available at no additional cost to our Firm, including research services obtained by Custodians directly from independent research companies, as selected by our Firm (within specific parameters). Research products and services provided by Custodians to our Firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Custodians to our Firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our Firm to manage accounts for which we have investment discretion. Without this arrangement, our Firm might be compelled to purchase the same or similar services at our own expense.

## **2. Brokerage for Client Referrals**

Our Firm may receive client referrals from broker-dealers and Custodians and we may consider these referrals when selecting broker-dealers and recommending Custodians. We have an incentive to select or recommend a broker-dealer based on our interest in receiving client referrals. We mitigate this potential conflict of interest by considering the full range of a broker-dealer's services - including the value of research provided, execution capability, trade execution costs, and responsiveness - when selecting broker-dealers. Our receipt of referrals does not diminish our duty to select brokers on the basis of best execution.

## **3. Directed Brokerage**

In certain instances, clients seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Any such client direction must be in writing, and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

Some clients direct trades to particular brokers. With respect to their directed trades, a client will be treated as if they have retained the investment discretion that we otherwise

would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, client-directed trade orders generally are not aggregated with other clients' orders and direction of brokerage may hinder best execution.

## **B. Order Aggregation**

We perform investment management services for multiple clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our Firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are effected only when we believe that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner that is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

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

Generally, we review accounts on a periodic basis. The frequency with which such reviews are conducted is determined based on the nature of each client's investment portfolio and client expectations. The reviews are conducted by a family office specialist, financial analyst or another member of our investment team. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives and are appropriately positioned based on market conditions, investment policies, and the recommended portfolio allocation.

We may also review client accounts at other times when circumstances warrant. Among the factors that may trigger an off-cycle review are major market or economic events, the client's life events, and requests by the client.

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

#### **A. Other Compensation**

As described above under Item 12.A, Custodians sponsor and fund joint events where attendees may include clients or employees of the Custodian and our Firm only. As a result of the benefits we receive from our participation in the joint events described in this section, we may have an incentive to continue to use or expand the use of a Custodian's services. We may also have an incentive to recommend certain financial institutions and vendors to our clients. We have evaluated this potential conflict of interest and we recommend the use of Custodians, financial institutions, and other vendors to our clients only when we believe their services are appropriate for our clients and in our clients' best interests.

Certain clients of our Firm and/or their affiliated companies allow some of our Principals and employees the use of their private aircraft. This practice creates a conflict of interest because it presents a circumstance that may unduly influence our decision making with respect to our clients. Despite this apparent conflict of interest, we endeavor to treat clients fairly, considering each client's facts and circumstances.

## **B. Client Referrals**

Other than as described above in Item 12.A, we do not currently directly or indirectly compensate any person who is not a Supervised Person for client referrals. To the extent that we do enter into any such arrangements, as applicable, all such compensation will be fully disclosed to each client consistent with applicable law and to the extent necessary will be conducted in accordance with SEC Rule 206 (4)-3 under the Advisers Act, as well as relevant guidance.

### **Item 15. Custody**

Our clients receive, at least quarterly, account statements directly from their Custodians, listing account balance(s), transaction history and any fee debits or other fees taken out of the account. We recommend that the clients compare the account statements received from their Custodians with portfolio review reports and portfolio information available from our Firm or through our client access portal.

At the end of each fiscal year of each of the ICONIQ Private Funds, each ICONIQ Private Fund has its financial statements audited by an independent certified public accountant. Copies of the audited financial statements are furnished to each investor after the end of each fiscal year of each of the ICONIQ Private Funds. Additionally, ICONIQ is deemed to have custody over some advisory client accounts and these accounts undergo a surprise examination by an independent public accountant in order to comply with the Custody Rule.

### **Item 16. Investment Discretion**

We will act as agent in fact to buy and sell securities (including short sales), to trade on a fully discretionary basis in any and all forms of securities and financial instruments, as set forth in our Client Direction Letter signed by a client or in other constituent documents of a client, of every kind of security or nature of security whatsoever, including, without limitation, options contracts (including uncovered option contracts), on a cash or margin basis and with authority to select the securities and amount thereof for a client account through a broker-dealer. Portfolio Managers would be expected to have the same level of discretionary trading authority as we do. It should be noted that our Firm has the discretion to grant discretionary trading authority to Portfolio Managers who shall execute transactions in the same manner as previously described. All assets will be held with a qualified account Custodian.

We may if circumstances warrant allow clients to impose restrictions on investing in certain securities or types of securities in such discretionary accounts.

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

Our Firm may vote proxies if authorized by a client, such authorization is typically granted on an account-by-account basis. Portfolio Managers selected or recommended by our Firm may also vote proxies for clients on any accounts or assets managed by them. Except in the event that clients authorize us and/or Portfolio Managers to vote proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to securities held in clients' accounts. Where we are authorized to vote proxies by our clients, we utilize the services of an independent third-party that specializes in evaluating corporate governance matters and making voting recommendations. Typically we vote in accordance with the recommendations made by the independent third party.

To the extent that an investment made by an ICONIQ Private Fund confers voting rights upon our Firm, or an affiliate, acting as the general partner of the Fund, our Firm or the affiliate will exercise those rights in the best interest of the ICONIQ Private Fund. Generally, and if available, we will follow the voting recommendations made by our independent proxy voting service provider.

We maintain documentation of how we vote proxies in our books and records. Clients may obtain information regarding how we vote proxies by contacting the client team or submitting a request to [compliance@iconiqcapital.com](mailto:compliance@iconiqcapital.com). Our policies and procedures related to proxy voting are also available upon request.

### **Item 18. Financial Information**

We have no financial commitment that is reasonably likely to impair our ability to meet contractual commitments to our clients.