



## **FORM ADV PART 2A BROCHURE**

V3Limited LLC

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This brochure provides information about the qualifications and business practices of V3Limited LLC. If you have any questions about the contents of this brochure, please contact us at (610) 989-7200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about V3Limited LLC is also available at the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

V3Limited LLC is a registered investment adviser with the SEC. Registration does not imply a certain level of skill or training.

March 30, 2020

**Item 2. Material Changes**

We are filing this brochure in connection with our annual update for 2020. There are no material changes to report since our last annual update in March of 2019.

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

##### **General Description of the Adviser**

V3Limited LLC (the “Adviser” or “V3”) is a Delaware limited liability company with offices in Radnor, Pennsylvania and New York, New York. V3 commenced operations in November 2013. Tim F. Wray and Todd A. Kellerman are the founders and principal owners of V3 and have ultimate responsibility for the management, operations and investment decisions of V3.

##### **Description of Services Provided**

###### **Sub-Adviser to Other Investment Advisers**

Investment advisers and family offices may engage V3 as a sub-adviser (“Sub-Advisory Clients”) on a non-discretionary basis. In those instances, the investment advisers or family offices engaging V3 retain their investment advisory relationship with their clients and make the investment decisions on the clients’ behalf. V3 provides regular and continuous investment advice to such Sub-Advisory Clients and their clients related to prospective and existing investments in privately-held operating companies, private investment funds, real estate, or special situations across a range of industries, asset classes and growth stages. V3’s due diligence and analysis of existing and new investment opportunities in operating companies as well as private investment funds may involve direct on-site due diligence of the company’s and/or investment managers operations and management, competitive benchmarking along with the evaluation and potential transaction and structuring oversight and management of such companies and private investment funds.

V3 may provide clients purchase recommendations related to prospective investment opportunities as well as recommendations for clients to make additional contributions to existing private investments. V3 may also recommend its clients hold or sell existing private investments. Depending on a client’s agreement, V3 may effect the transaction on behalf of the client.

In some instances, V3 may negotiate changes in investment terms related to an existing private investment on behalf of its clients.

###### **Investment Manager to a Private Investment Fund**

V3 serves as the investment manager of the V3 Opportunity Fund I LP (the “Fund”), a private equity fund organized in Delaware whose General Partner is V3 Opportunity Fund GP LLC (the “General Partner”), an affiliate under common control with V3.

V3 does not tailor its advisory services, investment objectives, or strategies for individual Fund investors. The client of V3 is the Fund and not the underlying investors in the Fund. The Fund, as V3’s client, may impose restrictions on V3 with respect to investing in certain types of portfolio companies, but investors in the Fund are not permitted to restrict the

Fund's investments.

For more detailed information about the Fund's investment strategy and restrictions refer to the Fund's offering memorandum.

### **Investment Adviser to Managed Accounts**

V3 may provide advisory services to natural persons or entities that are, at minimum, qualified clients, as the term is defined by the Investment Advisers Act of 1940 (the "Advisers Act"), by establishing a discretionary or non-discretionary separately managed account (each such account a "Managed Account" and each such client a "Managed Account Client").

V3's investment advisory services are tailored to each client's unique investment needs. Depending on a client's investment objectives and/or restrictions, V3 may recommend a client continue to hold an existing investment, sell an existing position, invest in a new investment opportunity or make an additional contribution to existing investments. Depending on a client's agreement, V3 may effect the transaction on behalf of the client.

In certain instances, V3 may negotiate changes in investment terms related to an existing private investment on behalf of its clients. Fee arrangements and terms for each Managed Account are individually negotiated.

The types of financial instruments that may be used are outlined in the investment advisory agreement entered into between V3 and each Managed Account Client.

V3 recommends other investment advisers to assist Managed Account Clients determine appropriate asset allocation and investment strategies. Managed Account Clients enter into separate agreements with such investment advisers in addition to their advisory agreement with V3.

### **Special Projects and Consulting**

V3 may enter into a form of consulting services agreement with operating companies held as investments in the Fund, held by clients of Sub-Advisory Clients or held by Managed Account Clients. V3 may also be engaged by third parties directly to perform consulting services related to their direct private investments which may or may not be investments held in the Fund or by Sub-Advisory Clients or Managed Account Clients. The scope of these consulting services may involve operating company level restructurings, transactions or operational transitions, or serving as interim management of underlying operating companies or assisting in the realization of special situation or distressed assets. No principal of V3 currently serves as trustee to any clients. However, one principal has been appointed successor trustee, which does not become effective until a certain predefined event occurs.

### **Wrap Fee Programs**

V3 does not participate in any wrap fee programs.

### **Regulatory Assets under Management**

As of December 31, 2019, V3 had total assets under management of \$242,808,609 comprised of \$2,553,415 managed on a discretionary basis and \$240,255,194 on a non-discretionary basis.

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

### **Advisory Fees and Compensation**

#### **Asset Based Compensation**

##### **Sub-Advisory Clients**

Fees charged to Sub-Advisory Clients are calculated on a fixed fee basis or as a percentage of assets under management. Contract terms are negotiated separately with each Sub-Advisory Client in a form of investment advisory/management or services agreement. Fees are payable in arrears or advance, typically quarterly or monthly. Fees are billed directly to the Sub-Advisory Clients. Fees paid but not earned by the Adviser are returnable to the client per the terms of the particular agreement. Clients of V3's Sub-Advisory Clients may enter into a performance-based fee agreement directly with V3, as explained for liquidity fees below in Item 6.

##### **Private Investment Fund**

Fees for the Fund managed by the Adviser are outlined in detail in the offering document. V3 provides portfolio management services to the Fund and may be paid a management fee (the "Management Fee") quarterly in advance. During the investment period of the Fund, Management Fees are charged based on capital commitments, and thereafter based on invested capital. The Management Fees charged to the Fund range from 1.50% to 1.75% per annum depending on whether capital has been called. As set forth in Item 6 below, the General Partner of the Fund is also eligible to receive performance allocations or "carried interest" ("Carried Interest") allocations in respect of realized investments and current income generated by investments. The offering document of the Fund together with the partnership agreement and the investment management agreement with V3 include further details on fees and compensation received by V3 and its affiliated General Partner. V3 and the General Partner reserve the right to waive fees or impose different fees or otherwise modify the fee arrangements of investors in the Fund. When paid, Fees are deducted from the Fund's assets.

A limited partner investing in the Fund may not withdraw from the Fund or make a demand for or receive paid-in capital until the termination of the Fund, except as otherwise provided

in the Fund's limited partnership agreement and, thus, the governing documents of the Fund do not contain provisions that provide for refunds of fees paid in advance.

With respect to Carried Interest, such fees are subject to a "clawback," meaning that amounts distributed to V3 may be repayable to the Fund investors in certain circumstances depending on the final overall performance of the Fund.

#### Managed Accounts Clients

Fees charged to clients that are Managed Account Clients are calculated on a fixed fee basis or as a percentage of assets under management. Contract terms are negotiated separately with each such client, pursuant to an investment advisory agreement. Fees are payable in arrears or advance, typically quarterly or monthly. Fees are billed directly to the respective client. In addition to the fixed fees or asset-based fees, the Managed Account clients may be charged performance fees, as explained below in Item 6. In general, where an investment advisory agreement is in place for less than a full calendar quarter or month, as applicable, advisory fees are pro-rated.

#### **Special Project or Consulting Based Compensation**

V3 may enter into a form of consulting services agreement with operating companies held as investments in the Fund or held by clients of Sub-Advisory Clients or Managed Account Clients. V3 may also be engaged by third parties directly to perform consulting services related to their direct private investments that may or may not be investments held in the Fund or held by Sub-Advisory or Managed Account Clients. Consulting fees are typically based on the time spent and billing rate for a particular engagement and may include a performance-based fee, as explained below in Item 6.

#### **Other Fees and Expenses**

Some or all of the advisory fees charged by V3 to its Sub-Advisory Clients may ultimately be charged by such Sub-Advisory Clients to their own clients. In addition to such fees, the clients of V3's Sub-Advisory Clients may incur additional investment and administrative related expenses including, but not limited to, advisory fees charged by the V3 Sub-Advisory Client for its investment advice, their pro-rata share of management and/or general partner fees charged by the general partner of pooled investment vehicles, custodian charges, brokerage fees, commissions and other related reporting and administrative costs.

The Fund may also be subject to investment expenses such as administrator and custodian charges, brokerage fees, commissions and related costs; prime brokerage costs; interest expenses; sales expenses, taxes, duties and other governmental charges; legal and accounting expenses; audit and tax preparation expenses; organizational expenses, transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to investments.

Investors in the Fund bear their pro-rata share of the Fund's operating and other expenses.

In addition to the advisory fees charged by V3 to its Managed Account Clients, Managed Account Clients may incur additional investment and administrative expenses including, but not limited to, their pro-rata share of management and/or general partner fees charged within a pooled investment vehicle in which Managed Accounts Clients invest, custodian charges, brokerage fees, commissions and other related reporting and administrative costs.

V3 recommends other investment advisers to assist Managed Account Clients determine appropriate asset allocation and investment strategies. Managed Account Clients enter into separate agreements with such investment advisers in addition to their advisory agreement with V3.

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

With respect to the Fund, in addition to the Management Fees described in Item 5, the General Partner may receive up to 30% of the total distributed proceeds after investors have received an annual compounded return above a certain level (a "hurdle" or "target" rate) on their invested capital inclusive of a return of such capital.

Investors and prospective investors in the Fund should carefully read the Fund's offering documents for specific details regarding the fees and calculations thereof.

The fact that V3 may receive performance based fees from the Fund it manages may create an incentive to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such incentive allocation. V3 believes that the foregoing conflicts will be mitigated to some extent by (i) the fact that the General Partner and its affiliates have an investment in the Fund, and (ii) the fact that distributions in respect of the Carried Interest with respect to capital proceeds are subordinated to the return to the investors of their capital contributions to the Fund, and an annual compounded return thereon.

With respect to Managed Account Clients, clients of Sub-Advisory Clients, or consulting services clients, V3 may receive, in addition to the fees described for those accounts/engagements in Item 5, a liquidity based performance fee ("Liquidity Fee") from either Managed Account Clients, from clients of Sub-Advisory Clients or from consulting services clients. The Liquidity Fee due to V3 is based on a percentage of the actual realized and distributed cash from a partial or total realization of a particular investment to the client (referred to as a "Liquidity Event"). Certain clients do not pay a Liquidity Fee, in some cases these clients may pay higher fixed fees or fees based on assets under management. In the event an agreement includes provisions subject to Liquidity Fee(s), there is typically a one-year look forward provision that provides for V3 to receive its liquidity fee if a



Liquidity Event occurs within twelve (12) months of the termination date of such related agreement. All such fee arrangements are individually negotiated.

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

V3's clients are its Sub-Advisory Clients, the Fund it manages, and the Managed Account Clients. V3's clients are not the investors in the Fund nor the clients serviced by the Sub-Advisory Clients except in the event that there is a separate agreement signed between V3 and the clients of the Sub-Advisory Clients that provides, among others, for the payment of a Liquidity Fee as explained in Item 6.

### Sub-Advisory Clients

As outlined in Item 4, V3 provides investment advisers and family offices advisory services on a non-discretionary basis.

### Private Investment Fund

The investors participating in the Adviser's private investment fund, may include high net-worth individuals, pension plans, trusts, estates, charitable organizations, foundations, and business entities.

The Fund's minimum investment amount is \$500,000. The minimum investment requirement can be waived at the discretion of the General Partner of the Fund.

### Managed Account Clients

As outlined in Item 4, V3 provides advisory services to Managed Accounts Clients that would, at minimum, be qualified clients, as defined in the Advisers Act. In that respect, Managed Account Clients may include high net-worth individuals, pension plans, trusts, estates, charitable organizations, foundations, and business entities.

### Consulting Clients

V3 may enter into a form of consulting services agreement with operating companies held as investments by a Client or may be engaged by third parties directly to perform consulting services related to their direct private investments. The scope of these consulting services may involve operating company level restructurings, transactions or operational transitions, or serving as interim management of underlying operating companies or assisting in the realization of special situation or distressed assets.

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

### **Investments for the Sub-Advisory Clients and Managed Accounts**

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

V3 assists investment advisers, family offices, and clients in Managed Accounts evaluate investments in privately held companies, real estate assets or other structures through a direct investment into either a target entity through a limited partnership interest or other such pooled or “fund” structure. Such investments may include debt and/or equity interests in a leveraged buyout, recapitalization, real estate purchase, growth financing or loan facility.

The due diligence process for these types of investments consists of (a) meetings and interviews with operating company management/personnel and industry participants, (b) financial, legal, and performance/operational due diligence, (c) competitive analysis, (d) financial modeling with industry, management and other diligence inputs, and (e) diligence, transaction, and other engagements of legal, tax, valuation and accounting advisors where applicable. A key component of V3’s diligence process is the identification and partnership with industry experts and operating partners with a successful track record and domain expertise specific to the target opportunity/evaluation.

As a result of the diligence process the Adviser may recommend to hold/monitor the investment and continue to perform on-going due diligence of the operating company operational and financial results. Alternatively, V3 may seek to lead operating company level restructurings, transactions or operational transitions or serve as interim management of underlying operating companies. In limited cases, V3 may seek to sell the investment for the Sub-Advisory Client or the Managed Account in a secondary/exit sale to a third party. To the extent the client decides to pursue a secondary/exit sale of their investment(s), V3 will seek bids from potential buyers which may include operating company management, private investors, competitors or related industry companies, secondary fund direct investors or other financial sponsors.

V3 also assists investment advisers, family offices, and Managed Account Clients in evaluating investment opportunities in private investment funds. Such investments may include private equity, private debt, real estate or venture capital funds that invest directly in operating companies, real estate or other financial structures through a pooled investment vehicle. V3’s due diligence process for these types of investments consists of (a) competitive benchmarking of the subject fund relative to comparable fund managers, (b) various methods of financial, operating, management, portfolio company/investment holdings, and other diligence and analysis, (c) site visits with fund managers, (d) market based analysis of the terms and conditions of the fund and its limited partnership/governing documents and (e) analysis of manager(s) prior experience, focus, and performance, where applicable. Additional areas evaluated during the due diligence process include the fund’s/manager’s investment strategy, compensation structure, conflicts and reference checks.

At the conclusion of each due diligence review, or from time to time, a summary of findings and recommendation may be presented to the Sub-Advisory Client, who might share that summary and recommendation with their own clients, and to the Managed Accounts. In cases involving new investment opportunities, the final decision to invest or not invest may be V3's or the respective clients', depending on the discretionary or non-discretionary nature of the relationship as described in the relevant investment advisory/management agreement. In the event of an investment in a private investment fund, the Sub-Advisory Client or the Managed Account client will review the offering materials and execute the related subscription documents.

Should the evaluation of a private investment fund relate to a Sub-Advisory Client's or a Managed Account Client's current investment holding(s), the Adviser may recommend to hold/monitor the investment, whereby the Adviser will monitor the relevant investment through the on-going diligence of the fund's performance and financial reporting. Alternatively, the diligence analysis may call for (a) the investor(s) to negotiate a change in terms/conditions (where available/applicable) with the fund's general partner, (b) replace the existing general partner or (c) seek to sell the Sub-Advisory Client's or the Managed Account client's investment(s) in a secondary transaction. To the extent, the relevant client decides to pursue a secondary sale of their interest in a private investment fund, the Adviser will seek to obtain bids from potential buyers, which may include the fund's general partner, private investors, secondary fund investors, and other third parties.

V3 also assists Managed Account Clients in selecting other investment advisers to assist them with determining appropriate asset allocation and investment strategies. In these instances, Managed Account Clients enter into separate agreements with such investment advisers in addition to their advisory agreement with V3. V3's due diligence process for these types of investment services consists of (a) competitive benchmarking of the other investment adviser's relative to comparable other investment advisers, (b) various methods of financial, operating, management, investment strategy analysis, (c) site visits with other investment advisers, (d) market based analysis of the terms and conditions of the investment advisers investment strategies and related compensation and pricing models and (e) analysis of other investment adviser(s) prior experience, focus, and performance, where applicable. Additional areas evaluated during the due diligence process include the other investment adviser's investment strategy, compensation structure, conflicts and reference checks.

### **Risks of Loss**

Investments in privately-held companies are by their nature highly illiquid, long-term investments. Clients should not expect to be able to transfer their interests in, or to withdraw from these types of investments as clients may face reduced opportunities to exit and realize value from their investments in the event of a general market downturn or a specific market dislocation. As a consequence, clients' investments managed by the Adviser may not be able to be sold when desired or to be realized to what may be perceived

as a higher fair value than readily available for sale at any one point in time. Furthermore, under certain circumstances, distributions may be made by the underlying investments/funds to investors in-kind and could consist of securities for which there is no readily available market. V3 is engaged to provide advisory and consulting services for existing illiquid investments that have existing challenges and problems, and that may be highly distressed. Such investments may have little to no current determinable value and may not be able to recover or generate value going forward.

Risks associated with seeking to change the investment terms/conditions/management of a private investment include the potential cost of legal, accounting and advisory expenses that may be required to implement such change, the time away from managing the underlying investments that may be required by the general partner (and or management) and ultimately that the change in terms and conditions are less effective than the previously existing terms/conditions present in the funds documents prior to any such change. Finally, the risk of selling a current interest may result in a client realizing less than they would have otherwise realized if the investment had not been sold.

Risks for Managed Account Clients working with other investment advisers that are recommended by the Adviser, include the general risks associated with investing in financial markets and securities, including: risk of loss, risk that portfolios may change in response to the movement of interest rates, changes in credit ratings and other adverse market and economic conditions. In these cases, actual performance may deviate from expected performance. Each Managed Account Client who engages other investment advisers recommended by the Adviser should fully review the related agreements and risk disclosed by those other investment advisers to the Managed Account Client.

### **Investments for the Fund and Managed Accounts**

#### **Methods of Analysis, Investment Strategies and Risk of Loss**

V3 invests the assets of the Fund it manages into privately-held operating companies, and may recommend such investments for Managed Accounts, depending on the respective investment advisory/management agreement. V3 does not invest the assets of the Fund in other underlying funds. The risks set forth below apply to clients that are Managed Account Clients as well as underlying investors in the Fund.

***General Risk of Loss Statement.*** As with any investments, investing in securities involves a risk of loss. Future returns are not guaranteed and the Adviser's client may lose money on investments. Managed Account Clients and Fund investors should consider carefully the amount of risk and/or loss they are willing to bear. V3 in no way guarantees performance, and at any time the value of assets invested may fluctuate and be worth less than the amount originally invested. Clients and Fund Investors should only invest assets they will not need for current purposes and that can be invested on a long-term basis. The Fund's offering memorandum further details risks associated with investments in operating companies, and other risks related to the Fund. Investors and prospective investors in the

Fund are encouraged to read in detail the offering memorandum. Significant risks involving privately-held operating companies include:

***Investments in Less Established Companies.*** The investments may be in securities of less established companies. Investments in such companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by the Fund or a Managed Account Client, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Certain of these investments should be considered highly speculative and may result in the loss of the Fund's or the Managed Account's entire investment. There can be no assurance that any such losses will be offset by gains (if any) realized on the Fund's or the Managed Account's other investments.

***Concentration of Investments.*** The portfolio of investments may become concentrated in a limited number of companies and/or in industry sectors, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified.

***Nature of Investments.*** The Fund's task of identifying opportunities in private operating companies, managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. There is no assurance that the Fund will be able to generate returns for its investors. There is no assurance of any distributions to Fund investors prior to or upon liquidation of the Fund. The Fund will only make a limited number of investments and these investments generally will involve a high degree of risk. Accordingly, poor performance by a few investments could severely affect the total returns to Fund investors.

***Follow-on Investments.*** The Fund or a Managed Account Client, as applicable, may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that the Fund or a Managed Account Client, as applicable, will make such follow-on investments or that it will have sufficient funds to do so. Any decision not to make follow-on investments or its inability to do so may have a substantial negative impact on investments in need of such an investment or may result in the dilution of the current investment.

***Leverage Risks with Portfolio Companies.*** Some portfolio companies employ significant debt as a way of improving investment rate of return or reducing the overall cost of such portfolio company's capital. Such use of debt would increase a portfolio company's exposure to risks of increasing interest rates or downturns in the economy and may affect its operating performance and cash flow. To the extent that a portfolio company is unable to generate sufficient cash flow to meet its debt service obligations, the value of

the Fund's or the Managed Account's investment, as applicable, in such portfolio company could be significantly impaired.

***Certain Effects of Default and Bankruptcy.*** Some portfolio companies or their respective assets may be pledged to third parties, including senior lenders, and could be foreclosed upon or otherwise acquired by such parties under certain circumstances, including a default. In the event of the bankruptcy of a project company, prior distributions to the Fund or the Managed Account, as applicable, may be reclaimed if such prior payments are determined to have been a "preference" payment or fraudulent transfer under applicable bankruptcy and related laws and regulations.

***Expedited Transactions.*** Investment analyses and decisions by V3 may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to V3 at the time of an investment decision may be limited. Therefore, no assurance can be given that V3 will have knowledge of all relevant circumstances that may adversely affect an investment. This lack of knowledge may expose Fund investors or a Managed Account to risk of loss.

***Lack of Control.*** Investments may represent minority positions in portfolio companies, without power to exert significant control over such entities' partnership committees or boards of directors and management. Although V3 will monitor the performance of each investment, it will rely significantly on the management and boards of directors of such entities, which may include representatives of other investors with whom the Fund or the Managed Account is not affiliated and whose interests or views may conflict with the interests of the Fund or the Managed Account.

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

This item is not applicable.

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

The General Partner of the Fund is an affiliate of V3, which is disclosed in Part 1 of the Adviser's Form ADV. The Adviser has an ownership interest in the manager of a special purpose vehicle holding a single passive investment.

As a result of special project or consulting services described in Item 4, the Adviser, or affiliates, may receive compensation directly from an operating company that is held in one of the client accounts, through an investment in a limited partnership or other flow-through entity, or a fund that is managed, or co-managed, by the Adviser.

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

### **11A. Code of Ethics**

V3 has a Code of Ethics (the “Code”) in place to which all employees are subject. The Code sets forth the standards of conduct expected of its associated persons and requires compliance with the federal securities laws. The Code contains policies reasonably designed to prevent the unlawful use of material non-public information by the firm or any of its associated persons. We will provide a copy of our code of ethics to any client or investor or prospective client or investor upon request.

V3 recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of its investors/clients come first; (iii) it has a fiduciary duty to its investors/clients to act in their best interest. V3’s Code of Ethics governs a number of potential conflicts of interest which exist when providing advisory services to the investors in the Fund it manages as well as the Sub-advisory Clients and Managed Account Clients.

This Code is designed to ensure that V3 meets its fiduciary obligation to its clients (or prospective clients) and to instill a culture of compliance within V3. An additional benefit of the Code is to detect and prevent violations of securities laws.

The Code is distributed to each employee at the time of hire and annually thereafter. V3 also supplements the Code with ongoing monitoring of employee activity.

The Code includes the following:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Pre-clearance and reporting of certain employee personal securities transactions;  
and
- Pre-clearance of outside business activities;

On an annual basis, V3 requires all employees to certify that they are in compliance with the Code.

V3, or its related persons, may from time to time have bought or sold, or may subsequently buy or sell, for their personal accounts, investments which may also be purchased or sold for the account of our clients. V3 and its related personnel are subject to guidelines governing the ability to make such investments in their personal accounts. The guidelines generally require that such investments be conducted for investment rather than speculative purposes and that all such personal investment transactions receive preclearance from V3’s Chief Compliance Officer.

### **11B. Participation or Interest in Client Transactions**

V3 may in certain instances recommend that its clients, including its Sub-Advisory Clients and Managed Account Clients, invest in funds, including the Fund managed by V3, or directly in operating companies, real estate or other financial structures. V3 will, as applicable, distribute offering documents to the client. V3 will also recommend that clients review the material to determine whether the investment is suitable for them or, in the case of Sub-Advisory Clients, their clients. Sub-Advisory Clients are responsible for independently evaluating the suitability of such recommendations with respect to their clients. With respect to such fund or direct private investments, V3 does not invest any client assets without the client completing the applicable subscription documentation.

### **Item 12. Brokerage Practices**

#### **Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

The Adviser does not execute securities transactions through a broker-dealer.

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

The Adviser does not utilize soft dollars in any way in connection with its business.

#### **Brokerage for Client Referrals**

The Adviser does not direct brokerage business to third parties in exchange for client referrals.

#### **Directed Brokerage**

V3 does not have directed brokerage arrangements.

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

In the scope of V3's due diligence of new investments as well as due diligence and continuous and regular monitoring of existing investments, V3 reviews a range of inputs to determine the current situation and establish a plan for each investment. Such inputs may include, but are not limited to the financial, management, operational and strategic results/plans/projections relative to the subject investment's industry/competitors and an assessment of existing management, operational, and execution capabilities.

The Adviser will generally provide written reports, to clients, from time to time, related to each of the investments covered under the client agreement. The level of detail in the reports and the timing of such reports vary according to client specifications. Information



contained within these reports is obtained from management interviews, monitoring and other oversight, periodic reports and financial statements of the underlying investments. The Adviser's reports include quantitative and qualitative analysis of individual investments.

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

##### **Economic Benefits Received from Non-Clients for Providing Services to Clients**

Not applicable.

##### **Compensation to Non-Supervised Persons for Client Referrals**

V3 from time to time enters into arrangements pursuant to which third parties refer clients to V3. These third parties will receive referral fees. All such arrangements are fully disclosed to applicable clients and will be designed to comply with the Advisers Act and SEC Rule 206(4)-3. These third parties will not be employees of V3. Pursuant to a written agreement with V3, third parties may generally receive a percentage of gross revenue actually received by V3 from the account introduced by the third party. Any such referral fee will be paid by V3 and not by the client. The fee clients pay for V3's services will not be higher or lower as a result of such referral fees. Compensation paid to third parties will depend on the nature of the relationship and could vary.

#### **Item 15. Custody**

The Adviser or the affiliated General Partner is deemed to have custody of the Fund that it manages. In accordance with the Custody Rule, it subjects the Fund to an annual audit performed by a nationally recognized public accounting firm and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with U. S. generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year-end.

Most of the assets held by the Fund are privately-offered securities (i.e., securities in portfolio companies) and, according to the Custody Rule, such securities are not required to be held with a qualified custodian if:

- the securities were acquired from the issuer in a transaction or chain of transactions not involving any public offering;
- the securities are uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the trust client;
- the securities are transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer; and

- the fund provides annual audited financial statements to its investors in accordance with applicable law.

In addition, in accordance with an August 2013 Guidance Update (No. 2013-04) from the SEC's Division of Investment Management, certificated securities are not required to be held with a qualified custodian provided that:

- the client is a pooled investment vehicle that is subject to a financial statement audit in accordance with paragraph (b)(4) of the Custody Rule;
- the private stock certificate can only be used to effect a transfer or to otherwise facilitate a change in beneficial ownership of the security with the prior consent of the issuer or holders of the outstanding securities of the issuer;
- ownership of the security is recorded on the books of the issuer or its transfer agent in the name of the client;
- the private stock certificate contains a legend restricting transfer; and
- the private stock certificate is appropriately safeguarded by the adviser and can be replaced upon loss or destruction.

To the extent that privately-offered securities held by the Fund do not satisfy such requirements, an independent qualified custodian will hold such securities.

With respect to its Sub-Advisory clients, V3 offers its services on a non-discretionary basis. V3 provides research and outsourced due diligence on prospective direct private investment opportunities for its Sub-Advisory Clients and makes recommendations for such investments. Such clients are billed directly and V3 does not deduct fees. V3 is not deemed to have custody of assets under this client service offering.

With respect to Managed Accounts, V3 does not have custody of those clients' funds and securities in such accounts because V3 does not deduct advisory fees or other expenses directly from such accounts (nor does it have the power to do so without the consent/action of the relevant client). Payment of fees to V3 for each Managed Account is processed via an invoice that is delivered to the respective client and V3 is then paid by the Managed Account Client. The Managed Account client will receive account statements from its qualified custodian and should carefully review those statements.

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

V3 maintains the authority to manage assets of the Fund on a discretionary basis in accordance with the investment guidelines, limitations and other provisions and terms set forth in the partnership agreement and the investment management agreement of the Fund.

V3 provides investment advice to its Sub-Advisory Clients on a non-discretionary basis. For its Managed Account Clients, V3 separately negotiates and documents those terms specific to discretionary or non-discretionary investment authority, as applicable, in the

investment advisory/management agreement. V3's fiduciary duty requires it to give investment advice that is suitable and appropriate to each Managed Account Client, and to have an adequate basis in fact for its investment recommendations.

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

##### **Policies and Procedures Relating to Authority to Vote Client Securities**

When Managed Account Client portfolios hold securities that result in proxies, V3 does not vote or give any advice about how to vote, proxies for securities held in client accounts.

In cases where Managed Account Clients have entered into a separate investment management agreement with another adviser recommended by V3 to assist them with portfolio construction in conjunction with the advisory services provided by V3, as explained in Item 4, the proxy-voting authority of that adviser is addressed in that agreement.

V3 does not vote proxies in its capacity as a sub-advisor to other investment advisers.

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

This item is not applicable as the Adviser does not meet any of the criteria required for disclosure of financial information.