

**ANTHOS MANAGEMENT, L.P.**

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

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**March 2, 2020**

**anthoscapiat.com**

**This brochure provides information about the qualifications and business practices of Anthos Management, L.P. (“Anthos” or the “Firm”). If you have any questions about the contents of this brochure, please contact Randy Chandler, the Firm’s Chief Compliance Officer, at 424-322-7077 (or [rchandler@anthoscapiat.com](mailto:rchandler@anthoscapiat.com)). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Any reference to the Firm as a registered investment adviser does not imply a certain level of skill or training.**

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

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***Item 2: Material Changes***

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This is the initial filing of the Form ADV Part 2A for Anthos Management, L.P. As a result, Item 2 is not applicable to Anthos Management, L.P.

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**Item 3: Table of Contents**

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#### ***Item 4: Advisory Business***

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##### **Item 4.A.**

Anthos Management, L.P. (“**Anthos**” or the “**Firm**”), a Delaware limited partnership, was formed in July 2007 as Anthos Management, LLC and reorganized via a conversion as Anthos Management, L.P. in 2018. The Firm filed to become a registered investment adviser with the United States Securities and Exchange Commission (“**SEC**”) in February 2020. As indicated on the Firm’s Form ADV Part 1A, Jeffrey (Paul) Farr and Bryan Kelly are the Firm’s principal owners. Anthos Management, GP LLC, a Delaware limited liability company, serves as the Firm’s general partner.

##### **Item 4.B.**

The Firm is an investment management firm that provides advisory services on a discretionary basis to a number of privately offered pooled investment vehicles (collectively, the “**Funds**” and each a “**Fund**”). The Firm also manages several special purpose vehicles (collectively the “**SPVs**” and each an “**SPV**” and together with the Funds, “**Advisory Clients**” and each an “**Advisory Client**”) each of which was formed to invest in a single portfolio company. In the future, Anthos may form additional funds, including feeder and parallel funds, co-investment vehicles and special purpose vehicles.

Typically, affiliates of the Firm serve as the general partners or managing members of each Advisory Client (each an “**Affiliated General Partner**” and, collectively, the “**Affiliated General Partners**”). Each of the Affiliated General Partners is a related person of Anthos and is under common control with Anthos. While each Affiliated General Partner retains management authority over the business and affairs, including investment decisions, of its respective Advisory Client, Anthos has been delegated the role of investment adviser.

Anthos typically makes investments in privately held growth companies. Please see Item 8.A. for additional information regarding the Firm’s investment strategy.

An Affiliated General Partner may, in its sole and absolute discretion, offer opportunities to co-invest with an Advisory Client to one or more, or none of the, Advisory Clients’ investors (“**Investors**” and each an “**Investor**”) (without making such opportunities available to all Investors) if the Affiliated General Partner determines in good faith that the size of the investment opportunity exceeds the amount that the Advisory Client and all other investment funds managed or advised by the Firm or an affiliate desire to invest. An Affiliated General Partner also may offer opportunities to co-invest with an Advisory Client Investor or Investors that are not associated with the Advisory Client, but who are, or may not be, Investors in other Advisory Clients or investment funds managed or advised by the Firm or an affiliate. An Affiliated General Partner will not have any fiduciary duties to Investors in determining how to allocate co-investment opportunities. Investors should not invest in the Advisory Client with any expectation of receiving co-investment opportunities.

An Affiliated General Partner may consider numerous factors in allocating any particular co-investment opportunity. Co-investment opportunities may be made available through limited partnerships or other special purpose vehicles formed to make such investments and the Affiliated General Partner, or affiliate thereof may receive fees, carried interest or other compensation in connection with such co-investments.

Anthos does not limit its investment advice to only certain types of investments.

#### **Item 4.C.**

Anthos' investment management and advisory services to Advisory Clients are provided pursuant to the terms of the applicable governing documents and offering documents (collectively, "**Governing Documents**") and Investors cannot obtain services tailored to their individual specific needs.

#### **Item 4.D.**

Anthos does not participate in a wrap fee program.

#### **Item 4.E.**

As of January 31, 2020, Anthos manages approximately \$1,438,051,998 in regulatory assets under management on a discretionary basis. Anthos does not intend to manage any Advisory Client assets on a non-discretionary basis.

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### ***Item 5: Fees and Compensation***

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#### **Item 5.A.**

##### Management Fees

Fees generally are paid as set forth in each Advisory Client's Governing Documents. Anthos is generally compensated for its advisory services through asset-based management fees ("**Management Fees**"). The Funds generally pay an annual Management Fee for management and administrative services, payable quarterly in advance, commencing on the initial closing of the applicable Fund or the initial due date of capital contributions in respect to the first investment by the Fund. The Management Fee of a Fund is equal to a percent (between 0 and 2.5%) per annum of the aggregate commitments of the Investors. Generally, the Management Fee for each Fund is reduced after the certain reduction date, as described in the applicable Fund's Governing Documents. The Firm charges a reduced Management Fee (including a reduction to zero) with respect to commitments by certain Investors, and in particular certain strategic Investors. Because the Firm will have different fee arrangements on a Fund by Fund basis, Investors should obtain and carefully read the Governing Documents for any Fund or Funds for which the Firm provides investment advisory services.

Anthos generally is not entitled to receive any Management Fees with respect to the SPVs.

Anthos (subject to certain limitations set forth in the Governing Documents) may be entitled to receive director fees, consulting fees, commitment fees, monitoring fees, break-up fees, success fees or other remuneration received by the Firm, an Affiliated General Partner or certain personnel of Anthos from a portfolio company or prospective portfolio company, net of reimbursed expenses of the Firm, an Affiliated General Partner or certain personnel of Anthos (collectively, “**Other Fees**”). Certain Advisory Client’s share of Other Fees generally offset Management Fees based on a percentage as disclosed in the Advisory Client’s Governing Documents. Notwithstanding the foregoing, any fees or remuneration paid to or for the benefit of an Operating Partner (as defined below), including in certain instances certain employees, who, directly or indirectly provides services to a portfolio company (or prospective portfolio company) of an Advisory Client, will not offset the Management Fee.

The Management Fees are generally not negotiable; however, Anthos and/or the applicable Affiliated General Partner, in its sole discretion, will waive or modify the Management Fees for certain Investors as set forth in the applicable Governing Documents, and the Management Fees and other fees and distributions described herein are generally subject to modification, waiver, or reduction by the Firm in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund.

#### Carried Interest

Subject to the terms and limitations set forth in the applicable Governing Documents of each Fund (including clawback obligations), Anthos and/or the respective Affiliated General Partner generally is entitled to receive carried interest distributions equal to 20% (or 25% for certain Funds in certain instances) of net profits.

Subject to the terms and limitations set forth in the applicable Governing Documents of the respective SPV, Anthos and/or the SPV’s Affiliated General Partner generally are entitled to receive carried interest distributions equal to 10% to 12.5% of net profits from the SPV.

The carried interest distributions are generally not negotiable; however, Anthos and/or the applicable Affiliated General Partner, in its sole discretion, may waive or modify the carried interest distributions for certain Investors as set forth in the applicable Governing Documents.

*It should be noted that any new Advisory Client launched by Anthos may have materially different terms than those summarized above and any terms for any existing Advisory Client may be amended from time to time.*

#### **Item 5.B.**

Management Fees are typically funded with capital contributions drawn for such purpose, but may also be funded with or withheld from proceeds from portfolio investments. Carried interest distributions generally will be distributed to the applicable Affiliated General Partner from time to time upon the disposition of portfolio investments by an Advisory Client and are distributed to

such Affiliated General Partner entity in accordance with the terms of the applicable Governing Documents.

## **Item 5.C.**

### *Operating Expenses*

The Firm and the Affiliated General Partners bear all of their normal overhead attributable to their activities, such as salaries and employee benefits of their personnel, office expenses and office space and facilities.

Each Fund is responsible for all expenses related to its operations. Fund expenses may include, but are not limited to, the Fund's organizational expenses; the Management Fee; any placement fees; any taxes or government charges that may be assessed against the Fund; all costs and expenses (including, without limitation, interest on money borrowed by the Fund, its Affiliated General Partner, the general partner of the Affiliated General Partner ("**Ultimate GP**") or the Firm on behalf of the Fund, registration expenses, commissions and finders' fees (including if structured as incentive compensation), private placement fees and expenses, brokerage fees and expenses, custodial fees and expenses, legal fees, travel expenses and other fees) incurred in connection with investigating, acquiring, holding, monitoring, restructuring and disposing of securities (including any merger fees payable to third parties) or other investments in portfolio companies or prospective portfolio companies, regardless of whether consummated; fees (including consulting fees) and expenses of persons serving as designees of the Fund, its Affiliated General Partner, its Ultimate GP or the Firm (including any Operating Partner) to a portfolio company's board of directors; all expenses incurred in connection with the securing of financing, including, but not limited to, the arranging, negotiation, entering into, amending and all other documentation or agreements with one or more lenders; all expenses relating to any litigation, investigation, proceeding or audit, and any threatened litigation, investigation, proceedings or audit involving the Fund, its Affiliated General Partner, its Ultimate GP or the Firm related to the business or activities of the Fund, except to the extent a covered person would not be exculpated for such conduct pursuant to the Fund's partnership agreement; expenses attributable to legal, tax, depository, consulting, custodial, financing, bookkeeping, valuation, appraising, auditing and accounting services provided to the Fund (including, without limitation, expenses associated with the preparation and distribution of Fund financial statements, reports to the Investors, tax returns and Schedule K-1s); fees and expenses of other outside advisors to the Fund (including due diligence services and "expert" networks); premiums for liability insurance obtained by the Fund to protect the Fund, its Affiliated General Partner, its Ultimate GP, any Managing Director of the Firm, the Firm, the members and partners of the Affiliated General Partner, the Ultimate GP or the Firm, and/or the directors, officers, employees or agents of the Affiliated General Partner, the Ultimate GP or the Firm from losses attributable to the activities of the Fund; market data costs; research-related expenses, including, news and quotation equipment, software and services; expenses for indemnification; all out-of-pocket fees and expenses incurred by the Fund, its Affiliated General Partner, the Ultimate GP, the Firm or the Affiliated General Partner's, the Ultimate GP's or the Firm's respective partners, members, managers, officers and employees (without duplication) relating to investment and disposition opportunities for the Fund not consummated (including, without limitation, legal, accounting, auditing, consulting, travel expenses and other fees and expenses); fees and expenses of third-party services provided to portfolio companies (to the extent not borne by such portfolio

companies), including, without limitation, research, procurement, administrative, tax, regulatory, legal and other portfolio company-related services; expenses incurred in connection with the managed distribution of marketable securities; all expenses incurred with any restructuring or amendments to the constituent documents of the Fund and its related entities; all expenses of special purpose vehicles and alternative investment vehicles (including their general partner entities) relating to the Fund not borne by such special purpose vehicles or alternative investment vehicles (including all costs and expenses related to the presence of the Fund or any alternative investment vehicles or other special purpose vehicles in jurisdictions in which such entities maintain such a presence, including rent, domiciliation, directors' fees and other similar costs); liquidation expenses of the Fund and its related entities; expenses incurred in connection with communications with Investors, including annual or other meetings of the Investors, whether individually or as a group (including guest speakers and travel expenses); all expenses of the Fund's advisory board ("**Advisory Board**") (including travel expenses); fees or government charges which may be assessed against the Fund, its Affiliated General Partner and its Ultimate GP; expenses incurred related to audits of the Fund or its Affiliated General Partner conducted by regulatory bodies, including but not limited to the cost of completing IRS audits and fees incurred for assistance in responding to such audits; fees and expenses in relation to custody of Fund assets; fees, costs and expenses incurred in complying with "know your customer" laws, Foreign Account Tax Compliance Act, Common Reporting Standard or similar laws; fees, costs and expenses associated with compliance under the European Union Alternative Investment Fund Managers Directive; costs related to filings with the Committee on Foreign Investment in the United States (CFIUS) or any successor thereto in connection with the Partnership's investments or other matters related to CFIUS, regardless of the reason that any such filing is made; all legal, accounting, filing and other fees and expenses of any kind paid or incurred in connection with the Fund's compliance with other regulatory requirements (including, but not limited to, the costs of any representative, distribution agent or paying agent required in connection with or arising from the marketing or sale of interests in the Fund in any jurisdiction); all other expenses incurred to meet and remain compliant with any and all objectives and/or requirements of the Fund as specified in the Fund's partnership agreement and any subscription agreement or side letter with an Investor; and all other ordinary operating expenses, or non-recurring or extraordinary expenses attributable to the activities and operations of the Fund. The Fund's Affiliated General Partner reserves the right to delegate to third parties fund accounting, reporting or similar administrative functions and the fees and expenses of such third parties will be paid by the Fund. For avoidance of doubt, any travel expenses described herein include all air travel, lodging and meals; provided, however, that the amount borne by the Fund in connection with the use of any private aircraft will not exceed the cost of first-class commercial air travel (as determined in good faith by the Fund's Affiliated General Partner). From time to time the Funds may invest into vehicles pursuant to which a manager, general partner or similar person is entitled to incentive compensation, fees or otherwise. To the extent the Funds make such investments, the Funds (and accordingly the Investors) will bear such expenses, as well as any expenses of such investment vehicles.

The SPVs will pay costs and expenses related to their operations as described in their Governing Documents.

As discussed in Item 4.B., from time to time an Affiliated General Partner may, in its sole and absolute discretion, offer opportunities to co-invest with a Fund. In addition, one or more vehicles owned by members, partners, managers, employees, advisors and consultants of the Firm and its



affiliates (“**Internal Co-Invest Vehicle**”) is expected to co-invest alongside certain Funds. It is expected that investors co-investing alongside a Fund and an Internal Co-Invest Vehicle will not bear any fees or expenses relating to any non-consummated investments, and that the applicable Fund will bear all such fees and expenses.

### *Organizational Expenses*

Each Advisory Client bears directly or through reimbursement of the Firm or respective Affiliated General Partner all of the costs and expenses related to the organization of the Advisory Client. Organizational expenses for certain Funds are subject to certain caps and Management Fee offsets, as described in the respective Fund’s Governing Documents.

### *Other Fees*

As discussed in Item 5.A., Anthos, an Affiliated General Partner or certain personnel of Anthos may receive Other Fees from a portfolio company or a prospective portfolio company. Although Other Fees are in addition to Anthos’ Management Fees, Anthos will, to the extent described in the applicable Fund’s Governing Documents, and other than in respect of such Other Fees paid to Operating Partners, reduce the amount of Management Fee paid by Investors in connection with the receipt of such Other Fees.

Payment of Other Fees may create a conflict of interest because it could create an incentive for the Firm or an affiliate to cause a Fund to invest its capital in a company that will pay such a fee to the Firm or its affiliate. Anthos mitigates such potential conflicts of interest by requiring that all or a portion of such fees are offset and reduce a portion of the Management Fees that would otherwise be paid by a Fund. Additionally, while Anthos typically does not receive payment of Other Fees, if Anthos were to receive such Other Fees, it would seek to ensure that such fees are, in the good faith opinion of Anthos, in accordance with prevailing market rates in the relevant industry. Anthos does not take into consideration whether a portfolio company will pay the fees described above when making an investment determination.

### *Operating Partners/Consultants*

Anthos and/or the Affiliated General Partners and the portfolio companies will from time to time retain other companies and individuals, which may be retained as consultants, “operating partners” “executives-in-residence”, “venture partners” or other titles (collectively, the “**Operating Partners**”), which may be affiliates of Anthos and/or the Affiliated General Partners, employees of Anthos and/or the Affiliated General Partners, portfolio companies of Advisory Clients, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members). The Operating Partners are engaged to, among other purposes, act as a Fund’s designee on a board of directors of a portfolio company, provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies (“**Operations Support Services**”). These services may be high-level insight or extensive day-to-day roles, and may include support to the Anthos or Affiliated General Partner or portfolio companies. Operating Partners may be

offered the ability to co-invest alongside Advisory Clients, including in investments in which such Operating Partner is involved or participates in the management thereof.

Fees and expenses associated with Operating Partners (“**Operations Expenses**”) may be paid and/or reimbursed by portfolio companies and/or an Advisory Client, subject to the Governing Documents of the applicable Advisory Client. To the extent any Operations Expenses are payable to any affiliated Operating Partners by an Advisory Client or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to Anthos or its Affiliated General Partner. Over time, certain existing and former employees of Anthos (including senior personnel) may transition to an Operating Partner role, which may shift the burden of compensation of such persons from Anthos to the Advisory Client and/or its portfolio companies.

### *Brokerage Fees*

The investment strategies employed with respect to the Advisory Clients generally do not involve the purchase or sale of publicly offered securities, and as such, do not typically entail expenses related to brokerage commissions. The Advisory Clients will, from time to time pay finders fees, and other brokerage commissions. To the extent applicable, each Advisory Client generally is responsible for and pays any of its custodial fees and expenses. See Item 12 below.

### **Item 5.D.**

Advisory Clients will pay a Management Fee in advance as set forth in Item 5.A. above.

### **Item 5.E.**

Not applicable. Anthos or its supervised persons are not compensated for the sale of securities or other investment products and mutual funds.

*It is important that Investors refer to the relevant Governing Documents for a complete understanding of expenses and fees they may pay through an investment in the Advisory Clients. The information contained herein in this Item 5 is a summary only and is qualified in its entirety by such documents.*

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

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As noted under Item 5 above, Anthos and/or an Affiliated General Partner generally is entitled to receive carried interest distributions with respect to applicable Advisory Clients. As a fiduciary, Anthos recognizes that it must treat all Advisory Clients fairly and must refrain from favoring one Advisory Client’s interests (or Anthos’s own interests) ahead of another Advisory Client(s).

Differences in performance-based fees, particularly if some Advisory Clients would pay higher performance-based fees, creates an incentive for Anthos to direct the best investment ideas to, or allocate investments in favor of, the account that pays the higher performance-based fee. To alleviate potential conflicts of interest, Anthos has generally structured its Advisory Clients to

avoid overlapping investment periods, although some overlap will occur. In general, Anthos attempts to address any material conflicts through full and fair disclosure in the applicable Governing Documents. Additionally, the allocation of investments with respect to each Advisory Client are made by Anthos in a manner that it considers fair and equitable to each Advisory Client relative to the other Advisory Client over time, taking into account all relevant facts and circumstances.

Carried interest distributions could motivate Anthos to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. For example, a carried interest distribution generally entitles Anthos to a percentage of the net profits of an Advisory Client; however, such affiliate is not required to bear the same proportion of the net losses, if any, suffered by the Advisory Client as a whole. Anthos generally attempts to mitigate conflicts of interest associated with carried interest distributions through: (i) the requirement that invested capital be returned to investors before Anthos is entitled to receive any carried interest distributions; and (ii) the clawback obligations of Anthos.

In general, Anthos attempts to address any material conflicts through full and fair disclosure in the applicable offering documents and this brochure, together with disclosures to the applicable advisory boards, as applicable.

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#### ***Item 7: Types of Clients***

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Anthos provides discretionary investment advice solely to Advisory Clients, as described in Item 4.B. above.

Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended, (the “**Securities Act**”) and are generally either “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended, (the “**Investment Company Act**”) or “qualified clients” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) or “knowledgeable employees” within the meaning of Rule 3c-5 under the Investment Company Act.

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

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##### **Item 8.A.**

Anthos focuses on inefficient private market opportunities and seeks to source investment opportunities that are generally non-competitive with other investment funds. The Firm utilizes a proactive direct sourcing model to develop proprietary investment opportunities. Anthos invests on terms intended to create value over the long-term. The Firm’s primary target market is growth-stage companies that require investments of \$5-100 million. In addition to providing capital, Anthos assists entrepreneurs with strategic and operating issues that rapidly growing companies often face.

Anthos' core evaluation of potential investment opportunities focuses on six critical areas: market, product / service, management, business model, financial model, and return potential. Anthos primarily targets technology, consumer and healthcare companies. Investing in securities involves the risk of loss that Investors should be prepared to bear, as discussed in more detail in Item 8.B. and Item 8.C. below.

#### **Item 8.B. and Item 8.C.**

All securities investments risk the loss of capital. No guarantee or representation is made that Advisory Clients will achieve their investment objectives or that an Advisory Client investor will receive a return of its capital. Making an investment in an Advisory Client is speculative and such an investment is not intended as a complete investment program. An investment in Advisory Clients is designed for sophisticated persons who are able to bear the economic risk of the loss of their investment in the Advisory Clients and who have a limited need for liquidity in their investment. In addition, there will be occasions when Anthos may encounter potential conflicts of interest in connection with Advisory Clients. The discussion below enumerates certain risk factors that apply generally to an investment in an Advisory Client. In evaluating whether to make an investment in the Advisory Clients, potential investors should consider all information contained in the respective Advisory Client's offering documents, including the considerations and risk factors set forth in the relevant offering documents. Investors in Advisory Clients should carefully consider, among other factors, the following material risks involved with Anthos' investment strategies.

*Risk Inherent in Growth Equity Investments.* The types of investments that Advisory Clients anticipate making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that an Advisory Client will be adequately compensated for risks taken. A loss of an Investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Advisory Client's term, while successes often require a long maturation.

Investments in growth stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing, which may not be available through institutional private placements or the public markets. Many of the companies that an Advisory Client will target have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities. Growth companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*No Assurance of Returns.* There can be no assurance that the Investors will receive a return on their investment from an Advisory Client or that returns will be commensurate with the risks of investing in the type of investments in which the Advisory Clients participate. Accordingly, an

investment in an Advisory Client should only be considered by persons who can afford a loss of their entire investment.

*Need for Development of Portfolio Companies.* The Advisory Clients have, and are expected to continue to invest in portfolio companies at early stages of development. Particularly in early-stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated. Additional funds may be necessary to complete such development and there is no assurance that funds will be available from any particular source or at all.

*Reliance on the General Partner.* Anthos and/or the Affiliated General Partner will have sole discretion over the investment of the funds committed to an Advisory Client as well as the ultimate realization of any profits. Investors will be relying on Anthos and the Affiliated General Partner to conduct the business as contemplated by the Advisory Clients' Governing Documents. The loss of one or more of the principals of Anthos and/or an Affiliated General Partner could have a significant adverse impact on the business of the Advisory Client. No assurances can be given that each of the principals will continue to be affiliated with the Advisory Client throughout its term. Notwithstanding any prior experience that such principals may have in making investments of the type expected to be made by an Advisory Client, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the principals of Anthos or an Affiliated General Partner will be able to duplicate prior levels of success.

*Competitive Marketplace.* The marketplace for private equity investing has become increasingly competitive. Participation by financial intermediaries has increased and substantial amounts of funds have been dedicated to making investments in the private sector resulting in a high level of competition for investment opportunities. Some of the Advisory Clients' potential competitors may have greater financial and personnel resources than Anthos or the Affiliated General Partners. There can be no assurances that Anthos or the Affiliated General Partner will locate an adequate number of attractive investment opportunities. To the extent that an Advisory Client encounters competition for investments, returns to Investors in the Advisory Client may vary.

*Availability of Attractive Investment Candidates.* The ultimate success of an Advisory Client will hinge on its ability to locate attractive investment candidates. There can be no assurances that attractive candidates will be found in sufficient quantity to allow all of the capital commitments to be drawn within the investment period.

*Changing Economic Conditions.* The success of Anthos' and an Affiliated General Partner's investment strategy could be significantly impacted by changing external economic conditions in the United States and global economies. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.

*Economic Conditions; Current Status of Markets.* The success of any investment activity is determined to some degree by general economic conditions. Economic markets today are in a

period of unprecedented stress. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems which an Advisor Client may depend upon to achieve its objectives may have a significant negative impact on the Advisory Client's operations and profitability. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for an Advisory Client to operate successfully.

*Minority Investments.* It is expected that a significant portion of an Advisory Client's investments will represent minority stakes in privately held companies or investments where disproportionate voting control remains with the founders of the portfolio company (and not the Advisory Client). In addition, during the process of exiting investments, an Advisory Client is likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Advisory Client may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

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

*No Assurance of Additional Capital for Investments.* After an Advisory Client has financed a company, continued development and marketing of products may require that additional financing be provided. Advisory Clients expect to invest in companies that have substantial capital needs that are typically funded over several stages of investment. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, an Advisory Client, either directly or through one of its portfolio companies, may elect to sell developed or undeveloped technologies to existing companies. No assurance can be made that buyers for such technologies can be located or that the terms of any such sales will be advantageous.

*Future and Past Performance.* The performance of the prior funds is not necessarily indicative of an Advisory Client's future results. While Anthos and/or an Affiliated General Partner intend for an Advisory Client to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

*Limitation on Ability to Exit Investments.* Anthos and/or the Affiliated General Partners expect to exit from their investments in three principal ways: (i) private sales (including acquisitions of their portfolio companies), (ii) initial and secondary public offerings and (iii) dividend recapitalizations. At any particular time, one or all of these avenues may not be open to an Advisory Client, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

*Potential Liabilities.* In connection with its investments, an Advisory Client may negotiate the right to appoint one of the principals of Anthos or the Affiliated General Partners as a member of the portfolio company's board of directors. Such membership on the board of directors of a company can result in the Advisory Client or the individual director being named as a defendant in litigation. An Advisory Client may also participate in portfolio company financings at valuations lower than the valuations in preceding rounds of financing. Disputes arising out of such down-round financings may result in the Advisory Affiliate, Anthos, the Affiliated General Partners, or its partners being named as defendants. Typically, portfolio companies will have insurance to protect directors and officers, but this insurance may be inadequate. An Advisory Client will also indemnify the Anthos or an Affiliated General Partner, as applicable, and its principals, among others, for liabilities incurred in connection with operations of the Advisory Client, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.

*Contingent Liabilities on Disposition of Investments.* In connection with the disposition of an investment in a portfolio company, an Advisory Client may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. An Advisory Client may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which Anthos or an Affiliated General Partner may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

*Absence of Liquidity and Public Markets.* An Advisory Client's investments will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Advisory Client and no readily available liquidity mechanism at any particular time for any of the investments held by the Advisory Client. In addition, the realization of value from any investments will not be possible or known with any certainty until Anthos and/or the Affiliated General Partner elects, in its sole discretion, to sell the Advisory Client's investments and subsequently distribute the proceeds to its Investors or to distribute securities to Investors in lieu of cash. In addition, most of an Advisory Client's investments will be difficult to value. Anthos intends to determine the value the Advisory Client's investments in good faith based on its valuation policies and procedures in effect from time to time. Anthos' valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets.

*No Market; Illiquidity of Partnership Interests.* An investment in Advisory Client will be illiquid and involves a high degree of risk. There is no public market for limited partnership interests in an Advisory Client, and it is not expected that a public market will develop. Consequently, Investors will bear the economic risks of their investment for the term of the Advisory Client. Prospective investors will be required to represent and agree that they are purchasing the limited partnership

interests for their own account for investment only and not with a view to the resale or distribution thereof.

*Certain Limitations on Ability of Limited Partners to Transfer Their Interests In the Advisory Client.* The transferability of interests in an Advisory Client will be restricted by the Governing Documents and by United States federal and state securities laws. In general, Investors will not be able to sell or transfer their interests in the Advisory Client to third parties without the consent of the Advisory Client's Affiliated General Partner.

*Limited Portfolio Diversification.* As is typical of private equity funds, the portfolio holdings of an Advisory Client will not be broadly diversified. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to investors by the Advisory Client.

*Expedited Transactions.* Investment analyses and decisions by Anthos may be undertaken on an expedited basis in order for an Advisory Client to take advantage of available investment opportunities. In such cases, the information available to Anthos at the time of the investment decision may be limited, and Anthos may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity. Further, Anthos be required to conduct their due diligence activities over a very brief period.

*Legal and Regulatory Risks.* An Advisory Client is not and does not expect to be registered as an "investment company" under the Investment Company Act, pursuant to an exemption set forth in Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act. There is no assurance that such exemptions will continue to be available to the Advisory Client. Due to the burdens of compliance with the Investment Company Act, the performance of an Advisory Client's investment portfolio could be materially adversely affected, and risks involved in financing portfolio companies could substantially increase, if the Advisory Client becomes subject to registration under the Investment Company Act. In addition, the Advisory Clients do not plan to register the offering of the interests in the Advisory Clients to Investors under the Securities Act. As a result, Investors will not be afforded the protections of such Acts with respect to their investment in the Advisory Client.

*Conflicts of Interest.* Instances will arise where the interest of Anthos or an Affiliated General Partner (or its partners) will potentially or actually conflict with the interests of the Advisory Client and the Investors. For example, the existence of an Affiliated General Partner's carried interest may create an incentive for Anthos and/or the Affiliated General Partner to make more speculative investments on behalf of the Advisory Client than it would otherwise make in the absence of such performance-based arrangements.

*Failure to Make Capital Contributions.* If an Investor fails to pay when due installments of its capital commitment to the Advisory Client, and the contributions made by non-defaulting Investors and borrowings by the Advisory Client are inadequate to cover the defaulted capital contribution, the Advisory Client may be unable to pay its obligations when due. As a result, the Advisory Client may be subjected to significant penalties that could materially and adversely affect the returns to the Investors (including non-defaulting Investors). If an Investor defaults, it may be subject to various remedies as provided in Advisory Clients' Governing Documents.



*Lack of Limited Partner Control.* Subject to the implementation of the investment limitations described in the offering documents, Anthos and/or the Affiliated General Partners have complete discretion in managing Advisory Clients' portfolios. Except for those Investors serving on the Investment Committee, Investors will not make decisions with respect to the management, disposition or other realization of any investment made by an Advisory Client, or other decisions regarding the Advisory Client's business and affairs.

*Foreign Investments.* An Advisory Client may invest in companies that are based in, or whose operations are primarily in, jurisdictions outside of the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information as a result of accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors which may not be as comprehensive or well developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; risks related to the fact that some investments may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation so that the Advisory Client could become subject to an unanticipated local tax liability. The profits or losses of the Advisory Client on any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, an Advisory Client may incur costs in connection with conversions between various currencies. The Advisory Clients do not presently intend to seek to reduce currency risks through "hedging" or other methods.

*Focused Investment Strategy.* The Advisory Clients will focus primarily on investments in growth companies, and the Advisory Clients therefore will not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause the Advisory Clients' investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader focus. In addition, the Advisory Clients will participate in a limited number of investments and, as a consequence, the aggregate return of the Advisory Clients may be significantly affected by the performance of a single investment.

*Side Agreements.* In accordance with common industry practice, Anthos may enter into one or more "side letters" or similar agreements with certain Investors pursuant to which Anthos grants to such Investors specific rights, benefits or privileges that are not made available to Investors generally. Such agreements will be disclosed only to those actual or potential Investors that have separately negotiated with Anthos for the right to review such agreements.

*Portfolio Company Leverage.* Portfolio companies may borrow without limitation. In certain cases, this may include borrowing by portfolio companies as part of the transaction in which an Advisory Client invests in such companies. While leverage presents opportunities to increase an Advisory Company's total return from its investment in such portfolio companies, it also has the effect of potentially increasing losses. If income and cash flow of such portfolio companies are less than the required interest payment on the borrowings, the value of such portfolio companies, and thus of an Advisory Client's investment, will likely decrease or the Advisory Client could suffer a total loss. Lenders often impose restrictive financial and operating covenants on portfolio companies that are leveraged. Accordingly, any event that adversely affects the value of an investment by an Advisory Client may be magnified to the extent that a portfolio company is leveraged. It may also be necessary from time to time for a leveraged portfolio company to seek refinancing or restructuring of its debt financing, and there can be no assurance that any needed refinancing or restructuring will be available on terms that are favorable to an Advisory Client's investment in the portfolio company.

*Bridge Financing.* The Advisory Clients may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in an Advisory Client's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by an Advisory Client and the principal may not be protected and may be lost as well.

*The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in an Advisory Client. Prospective investors should read the offering documents and consult their own counsel and advisors before deciding to invest in an Advisory Client.*

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#### ***Item 9: Disciplinary Information***

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Anthos and its supervised persons have no reportable disciplinary events to disclose.

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

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##### **Item 10.A.**

Not applicable. Anthos is currently not applying to register as a broker-dealer and does not intend to.

**Item 10.B.**

Not applicable. Anthos and its management persons are not registered, and have not applied to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or associated persons of a futures commission merchant.

**Item 10.C.**

Each Affiliated General Partner serves as a general partner to its respective Advisory Clients and is entitled to a performance-based fee. Affiliated General Partners also commit capital to their respective Advisory Clients, and as a result every investment made by an Advisory Client involves a purchase of securities whereby related persons of Anthos indirectly acquire an indirect interest in such securities.

**Item 10.D.**

Not applicable. Anthos and its supervised persons do not recommend or receive compensation for selection of other investment advisers for its Advisory Clients.

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

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**Item 11.A.**

In order to address conflicts of interest that may exist between the Firm and its clients, Anthos has adopted a Code of Ethics (the “**Code**”), which is applicable to all of Anthos’ officers, directors, managers, members, and employees (collectively, “**Employees**”). The Code generally sets the standard of ethical and professional business conduct that Anthos requires of Employees, sets forth the fiduciary obligations that Anthos and each Employee owes to each Advisory Client, and requires Employees to comply with applicable federal securities laws and regulations. Additionally, the Code sets forth Anthos’ policies and procedures with respect to personal trading, material non-public information and other confidential information, political contributions, gifts and entertainment, electronic communications and other matters related to potential conflicts of interest. The Code is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and read the Code and any amendments thereto.

A copy of Anthos’ Code of Ethics is available to Investors and prospective investors upon request. Contact information is provided on the cover of this Brochure.

**Item 11.B through Item 11.D.**

Certain conflicts that may be encountered in the course of Anthos’ activities for or on behalf of the Advisory Clients are described in Items 5, 6, 8 and 10 above and reference is made thereto. In addition, the Governing Documents of the Advisory Clients address in detail certain other reasonably anticipated potential conflicts.

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***Item 12: Brokerage Practices***

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The Advisory Clients invest primarily in private equity investments, although they may acquire, sell or distribute public securities from time to time. Subject to the investment objectives, policies and restrictions of each Advisory Client, as set forth in such Advisory Client's Governing Documents, Anthos will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Advisory Clients and negotiate the commission cost to be paid.

In the event Anthos requires the services of a broker-dealer, Anthos will seek to obtain best execution for all transactions. To the extent they aggregate orders for purchase and sale, Anthos will aggregate such orders as it deems appropriate and in accordance with Advisory Clients' organizational documents and in the best interests of Advisory Clients.

Anthos may face actual or potential conflicts of interest when allocating investment opportunities among Advisory Clients. The general policy of Anthos is to allocate investment opportunities among the applicable Advisory Clients in a fair and equitable manner and in accordance with the terms of its policies and the applicable Governing Documents for such Advisory Clients.

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***Item 13: Review of Accounts***

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**Item 13.A. and 13.B.**

The portfolio investments of Advisory Clients are continuously reviewed by a team of investment professionals, consisting of Anthos' principals and other investment professionals of Anthos. Anthos actively monitors the portfolio companies of the Advisory Clients and generally maintains an ongoing oversight position in such portfolio companies.

**Item 13.C.**

Investors in the Advisory Clients will typically receive, among other things, an annual report, which for the Funds typically includes a copy of audited financial statements of the relevant Fund annually. In addition, investors in each Advisory Client will typically receive written reports containing unaudited summary financial information regarding such Advisory Client on a quarterly basis and tax information on an annual basis.

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***Item 14: Client Referrals and Other Compensation***

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**Item 14.A.**

For details regarding economic benefits provided to the Firm by non-clients, including a description of related material conflicts of interest, see Item 5.

**Item 14.B.**

Not applicable.

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***Item 15: Custody***

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In accordance with Rule 206(4)-2 under the Advisers Act (“**Custody Rule**”), Advisory Clients (other than an Advisory Client that is wholly owned by Anthos’ control persons and their family members) will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements of each Advisory Client will be prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of the end of each Advisory Client’s fiscal year. Investors should carefully review the audited financial statements of the Advisory Clients upon receipt, and should compare these statements to any account information provided by Anthos.

As Anthos’ investment program generally involves investments in certain privately offered securities, Anthos generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” Anthos anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer’s outstanding securities.

To the extent that Anthos holds any publicly traded securities or securities which are otherwise ineligible for an exemption from the qualified custodian requirement of the Custody Rule, Anthos will maintain such securities with a qualified custodian in an account in the name of the Advisory Client or in accounts that contain only funds and securities owned by the Advisory Clients, under Anthos’ name as agent or trustee for the Advisory Client.

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***Item 16: Investment Discretion***

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Anthos has discretionary authority to manage securities accounts on behalf of its Advisory Clients. As explained in Item 4.B above, each Advisory Client’s investment strategy is set forth in detail

in such Advisory Client's Governing Documents. Investors do not have the ability to impose limitations on this discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in the applicable Advisory Client.

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***Item 17: Voting Client Securities***

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To the extent that Anthos has discretion to vote the proxies on behalf of an Advisory Client, Anthos will vote any such proxies in the best interests of the Advisory Clients and in accordance with its proxy voting policies contained in the Compliance Manual. Generally, Advisory Clients will not directly hold publicly-traded securities that solicit proxy votes. Under certain circumstances, Anthos may abstain from voting specific proxies if it believes that doing so is in the best interests of the applicable Advisory Client.

In the event of a material conflict of interest, Anthos will follow the written policies and procedures detailed in the Compliance Manual. Although not intended to be used on a regular basis, Anthos may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Investors generally do not have the ability to direct proxy votes. Advisory Clients may obtain additional information regarding how Anthos voted proxies and may obtain a copy of Anthos' proxy voting policies and procedures by contacting the Chief Compliance Officer. Contact information is provided on the cover of this Brochure.

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***Item 18: Financial Information***

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**Item 18.A.**

Not applicable. Anthos does not require nor solicit pre-payment of more than \$1,200 in fees per client, six months or more in advance.

**Item 18.B.**

Anthos is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

**Item 18.C.**

Not applicable. Anthos has not been the subject of a bankruptcy petition at any time during the past ten years.