

## **ITEM 1 – COVER PAGE**

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



## **LINSE CAPITAL LLC**

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**May 20, 2020**

**This brochure provides information about the qualifications and business practices of Linse Capital LLC (“Linse Capital”). If you have any questions about the contents of this brochure, please contact us at 650-787-7200 or via email at [mlinse@linsecapital.com](mailto:mlinse@linsecapital.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 and references in this brochure to Linse Capital as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

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

**Unless otherwise indicated, the term “Linse Capital” or “the Adviser” is broadly used within this brochure to refer to the entire enterprise including all affiliates, and not to a specific legal entity.**

## **ITEM 2 – MATERIAL CHANGES**

Linse Capital's Form ADV Part 2A (the "Brochure") has been updated to reflect the following material change since the last amendment dated March 29, 2019:

- Item 1 has been updated to reflect Linse Capital's new primary business address,
- The addition of new Funds,
- Language updates for clarity to provide more concise disclosure on various practices, and
- Included risk disclosure relating to public health outbreaks and pandemics.

The Brochure has also been updated to reflect updated regulatory assets under management, additional risk factors and other non-material changes.

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## **ITEM 4 - ADVISORY BUSINESS**

Linse Capital LLC (“Linse Capital”), a Delaware limited liability company, is a Puerto Rico-based private equity firm that specializes in private equity investments. Linse Capital commenced operations in October 2015. The sole member of Linse Capital is Michael Linse.

Linse Capital currently provides discretionary investment advisory services to the following private investment funds: Linse Capital CP, LLC (“CP Fund I”), Linse Capital CP II, LLC (“CP Fund II”), Linse Capital CP III, LLC (“CP Fund III”), Linse Capital CP IV, LLC (“CP Fund IV,”), Linse Capital CP V, LLC (“CP Fund V” and, collectively with CP Fund I, CP Fund II, CP Fund III, and CP Fund IV, the “ChargePoint Funds”), Linse Capital RED LLC, and Linse Capital RED II LLC (collectively, the “Redaptive Funds”), Linse Capital VAL LLC (“Valens Fund”), Levitate Capital, L.P. (the “Levitate Capital Fund”) and Levitate Capital SKY LLC (the “Skydio Fund”), each a Delaware limited liability company (collectively, the “Funds”). Linse Capital may sponsor and provide discretionary investment advisory services to additional private investment funds in the future.

Advisory services provided to the Funds are provided pursuant to the terms of the relevant Fund governing documents and disclosed therein. Investors in the Funds do not receive advisory services tailored to their individual needs.

Linse Capital does not participate in any wrap fee programs.

As of December 31, 2019, Linse Capital managed approximately \$406 million of regulatory assets under management on a discretionary basis. Linse Capital does not manage any assets on a non-discretionary basis.

## ITEM 5 - FEES AND COMPENSATION

### *Compensation and Fee Schedules*

All investors and prospective investors should review the governing documents of each Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Fund. In certain circumstances, the advisory fees payable to Linse Capital may be negotiable. Investors and prospective investors in each Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

Subject to the specific terms set forth in the applicable Fund's governing documents, the annual management fee payable by a Fund investor in quarterly or annual installments is generally 0.25% - 1.0% (on an annualized basis) of the investor's aggregate contributions to the subject Fund, pro-rated for the number of days from the initial call of capital from Linse Capital (the "Initial Drawdown Date") through the end of the calendar quarter of the Initial Drawdown Date. Beginning on the first day of the first calendar quarter ending after the Initial Drawdown Date and for each calendar quarter thereafter through the final calendar quarter of the calendar year in which the subject Fund's investment period ends (as described in the subject Fund's governing documents), the management fee shall be an amount equal to the product of 0.25% multiplied by the lesser of (A) the cost basis of the securities owned by the Fund as of the first day of such quarter, as determined by the applicable accounting standards described in the applicable governing documents, or (B) the aggregate investor contributions as of the first day of such quarter (such lesser amount, the "Management Fee Base"). For each calendar year after the final calendar quarter of the calendar year in which the Fund's investment period ends until the calendar year in which the fifth anniversary of the Initial Drawdown Date occurs, the management fee shall be an amount equal to the product of 1.0% multiplied by the Management Fee Base as of the first day of the corresponding calendar year. For each calendar year thereafter, the management fee is reduced to \$50,000 per year. The management fee payable for any period of less than a full calendar quarter or full calendar year, as the case may be, shall be proportionately adjusted based upon the ratio the number of days in such period bears to ninety (90) or three hundred sixty-five (365), as the case may be.

Additionally, Linse Capital is generally entitled to receive "carried interest" with respect to each Fund investor. The carried interest may vary from fund to fund, but it generally equals 20% of the investment profits the investor receives in respect of such Fund, subject in some cases to reductions for Fund investors that were investors in prior related Funds or satisfaction of a hurdle rate. The hurdle rate or "preferred return" is the annual compounded return that a Fund investor is entitled to receive prior to the Fund's general partner becoming entitled to receive its carried interest. Carried interest is generally paid out of proceeds the applicable Fund receives in respect of its portfolio investments, including interest and dividend payments and net of proceeds from the sale of portfolio investments. Please refer to the applicable governing documents for further information regarding the carried interest of a Fund.

Linse Capital's investment advisory services may be terminated by a Fund only in accordance with the requisite events and processes set out in the Fund's governing documents. Upon such termination, any prepaid, unearned fees will be promptly refunded by Linse Capital (determined on a pro rata basis based on the number of days elapsed in the applicable fee payment period), and any earned, unpaid fees will be due and payable by the applicable Fund.

Except as otherwise provided in the governing documents, no investor has the right to withdraw from a Fund, to withdraw their capital and profits from a Fund, or to demand and receive any property from a Fund in exchange for the investor's interest in a Fund.

#### *Portfolio Fees*

Linse Capital and its affiliates and its professionals may receive fees, commissions and other compensation from entities other than the Funds; provided, however, that director's fees, consulting fees, commitment fees, monitoring fees, break-up fees and success fees or other remuneration (including any options, warrants or other equity securities related to any of the portfolio company's foreign entities or affiliates, but excluding reimbursement of expenses) paid during such year to Linse Capital, any of its affiliates, or its professionals by a portfolio company (as long as the portfolio company securities are not traded on a public securities market) for services rendered by such persons shall not impact or reduce the management fee of the Funds.

#### *Other Fees and Expenses*

In addition to the advisory fees and performance-based fees payable to Linse Capital (where applicable), the Funds will incur certain charges imposed by third parties, including (but not limited to) organizational expenses (subject to any limits set forth in the applicable governing documents).

The following Fund expenses will be paid by the Fund up to an annual limit set forth in the applicable governing documents: all expenses that are attributable to the organization of the Fund, and the sale of interests in the Funds to the investors, other than any placement fees, finder's fees or commissions paid or payable by the Funds, Linse Capital or its affiliates in connection with the offer and sale of interests in the Funds; any fees or government charges which may be assessed against the Funds that are unrelated to portfolio company securities (such as franchise taxes and the like); costs of financial statements and other reports to or other communications with investors, as well as costs of all governmental returns, reports and filings; expenses attributable to normal commercial banking, accounting, appraisal and legal services; premiums for liability or other insurances to protect the Funds; and all other expenses properly chargeable to the activities of the Funds.

The following Fund expenses will be paid by the Fund without limitation: any sales or other taxes; any fees or government charges which may be assessed against the Fund that are related to portfolio company securities; liquidation expenses of the Fund; commissions or brokerage fees or similar charges incurred in connection with the purchase or sale of securities (including any merger fees payable to third parties and whether or not any such

purchase or sale is consummated); interest expense for borrowed money (if any); all expenses relating to litigation and threatened litigation involving the Fund, including indemnification expenses; expenses attributable to normal and extraordinary investment banking, custodial and registration services provided to the Fund and any expenses attributable to consulting services, including in each case services with respect to the proposed purchase or sale of securities by the Fund that are not reimbursed by portfolio companies or others (whether or not any such purchase or sale is consummated); and premiums for liability or other insurance to protect the members of the Fund's Advisory Board and any of their respective partners, members, stockholders, officers, directors, employees, agents or affiliates in connection with the activities of the Fund.

#### *Transaction-Based Compensation*

Neither Linse Capital nor any supervised person of Linse Capital receives any compensation as broker or agent for the sale of interests in any Fund or the sale of securities or other investment products to any Fund. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that Linse Capital receives from time to time with respect to investments by the Funds.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### *Performance-Based Fees*

Currently, all Funds are subject to performance-based compensation arrangements. Linse Capital will receive certain incentive allocations calculated and charged based on a share of capital gains on, or capital appreciation of, the assets of the Funds.

The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”). Any such share of profits allocated or distributed to Linse Capital (or affiliates thereof) are separate and distinct from the advisory fees charged by Linse Capital for advisory services.

Performance-based allocation arrangements received by related persons of Linse Capital may create an incentive for Linse Capital to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of each Fund for more complete information on the “performance-based fee” arrangements of each Fund.

### *Side-by-Side Management*

The potential conflict associated with managing one Fund versus another from a compensation perspective is mitigated as all Funds have similar fee and performance-based fee (carry) provisions. In addition, each Fund has a limited investment window for making investments after closing of the Fund, which limits the overlap of investment periods between Funds and mitigates the potential for allocation issues when investing on behalf of multiple Funds.



## **ITEM 7 - TYPES OF CLIENTS**

### *Types of Clients*

As noted above under “Advisory Business,” all of Linse Capital’s investment advisory clients are pooled investment vehicles (i.e., the Funds). The limited partners of the Funds may include financial institutions, trusts, estates, fund-of-funds, and high net-worth individuals. The Funds are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, as amended, and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to the Funds, the securities of which are not publicly offered.

### *Minimum Investment Requirements*

Subject to the discretion of Linse Capital to accept less, the minimum investment commitment for the Funds range from \$10,000 to \$100,000.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### *Investment Strategies*

As discussed under “Advisory Business” above, the ChargePoint Funds’ primary investment strategy is to buy, sell, hold, vote and otherwise exercise investment discretion with respect to the securities of ChargePoint, an electric vehicle infrastructure company, of which Michael Linse serves as member of the ChargePoint Board of Directors. The ChargePoint Funds invest substantially all of their assets in ChargePoint Securities, either acquired in primary investments, in acquisitions directly from ChargePoint, or in secondary investments, in acquisitions from other ChargePoint stockholders.

The Redaptive Funds’ primary investment strategy is to buy, sell, hold, vote and otherwise exercise investment discretion with respect to the securities of Redaptive, a company providing energy efficiency solutions to commercial property managers. Michael Linse serves as member of the Redaptive Board of Directors. The Redaptive Funds intend to invest substantially all of their assets in Redaptive Securities, either acquired in primary investments, in acquisitions directly from Redaptive, or in secondary investments, in acquisitions from other Redaptive stockholders.

The Valens Fund’s primary investment strategy is to buy, sell, hold, vote and otherwise exercise investment discretion with respect to the securities of Valens, a fabless semiconductor company focused on the professional audio visual and automotive communications sectors. Michael Linse serves as a member of the Valens’ Board of Directors. The Valens Fund intends to invest substantially all of its assets in Valens Securities, either acquired in primary investments, in acquisitions directly from Valens, or in secondary investments, in acquisitions from other Valens stockholders.

The Levitate Capital Fund’s primary investment strategy is to buy, sell, hold, vote and otherwise exercise investment discretion with respect to the securities of companies in the air mobility industry. The Levitate Capital Fund intends to invest substantially all of its assets in Securities of such companies, either acquired in primary investments, in acquisitions directly from the companies, or in secondary investments, in acquisitions from other stockholders.

The Skydio Fund’s primary investment strategy is to buy, sell, hold, vote and otherwise exercise investment discretion with respect to the securities of Skydio, a drone hardware, software, and services company. The Skydio Fund intends to invest substantially all of its assets in Skydio Securities, either acquired in primary investments, in acquisitions directly from Skydio, or in secondary investments, in acquisitions from other Skydio stockholders.

Current and prospective Fund investors are requested to refer to the Governing Documents of the applicable Fund for more detailed information on the investment strategies employed by such Fund.

### *Methods of Analysis*

Linse Capital employs a thorough process with the objective of ensuring that its investments leverage the experience and knowledge of Linse Capital and meets Linse Capital's investment criteria. Linse Capital's investment process has six basic stages: origination; preliminary analysis; due diligence; transaction structuring; active engagement; and exit and value realization. The foregoing is a summary of the various aspects of Linse Capital's typical investment process. Current and prospective Fund investors are requested to refer to the Governing Documents of the applicable Fund for more detailed information on Linse Capital's investment process relating to such Fund.

### *Material Risks*

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Linse Capital will be able to choose, and the Funds will be able to make and/or realize any particular investment or that the Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Fund. Investing in the Funds involves a risk of loss that investors should be prepared to bear. Prospective investors in the Funds should, as part of their investment evaluation and decision-making process, carefully consider, among other factors, the below listed material risks involved with Linse Capital's investment strategies. Investors in the Funds are requested to refer to the Governing Documents of the applicable Fund for more information on investment strategies employed by the Fund and the corresponding risks associated with such investment strategies.

**No Operating History.** Linse Capital's private fund investment offerings have a limited operating history upon which investors can evaluate past performance. In addition, although Linse Capital's investment professionals have participated in the management of other investment funds, the past performance of such other investment funds and accounts cannot be relied upon as an indicator of the Funds' success, particularly because the Funds' investment strategy differs in material respects from the other investment funds and accounts managed by such investment professionals. Investors must rely upon the ability of Linse Capital and Linse Capital's investment professionals in identifying and implementing investments consistent with the Funds' investment objective and policies. Past performance is not necessarily indicative of future results. No assurance can be made that profits will be achieved or that substantial losses will not be incurred by the Funds.

**Reliance on Key Management Personnel.** The success of the Funds will depend, in large part, upon the skill and expertise of the management of Linse Capital. In the event of the death, disability or departure of Michael Linse, Linse Capital's sole principal, the business and the performance of the Fund may be adversely affected.

**Use of Proceeds.** The Funds are expected to invest substantially all of their investments in ChargePoint Securities, Redaptive Securities, or Valens Securities, as applicable. Purchasers of the Interests of the Funds will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the

investments to be made by the Funds and, accordingly, will be dependent upon the judgment and ability of Linse Capital in investing and managing the capital of the Funds. No assurance can be given that the Linse Capital will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Funds will be achieved.

**Nature of Investments.** A substantial portion of the Funds' investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that a Fund will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities. As a result, a Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

**Illiquidity of Portfolio Investments.** The Funds' investment portfolios will consist primarily of investments in private companies. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. It is unlikely that there will be a readily available market for the Funds' investments and most of the Funds' investments will be difficult to value. The Funds will generally not be able to sell their respective securities publicly unless their sale is registered under applicable securities laws or unless an exemption from such registration requirement is available. It is highly speculative as to the whether and when a portfolio company will be able to register its securities so that the securities become eligible for trading in public markets. In addition, in some cases, the Funds may be prohibited by contract or legal or regulatory reasons from selling securities for a period of time. There can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may in the future, result in distributions in kind to the Partners.

**Technology Risk.** Competitive pressure within the technology sector is high and the securities of technology companies may be subject to significant price volatility. In addition, because the technology sector is subject to rapid and significant changes, some of the companies that the Funds will invest in will face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete.

**Cybersecurity Risks.** Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company

financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Linse Capital or one of its service providers holding its financial or investor data, Linse Capital, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Linse Capital's policies.

Linse Capital has adopted a business continuation strategy to maintain critical functions in the event of a technical problem affecting applications, data centers or networks. The recovery strategies are designed to limit the impact on the Funds from any business interruption or disaster. Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security failures or breaches by a third party service provider have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, and violations of applicable privacy and other laws.

**Lack of Diversification.** Diversification is not an objective of the Funds and, subject to the concentration limits and other investment restrictions set forth in the applicable Governing Documents, the Funds' may take large positions in a small number of portfolio companies. As a consequence, the aggregate returns to Fund investors may be substantially adversely impacted by the unfavorable performance of even a single portfolio company.

**Non-Controlling Investments.** The Funds may from time to time hold non-controlling interests in portfolio companies where the Funds may not be able to control or effectively influence the business or affairs of such entities. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of a Fund, and the Funds may not be in a position to influence those interests or goals or otherwise protect the value of a Fund's investments in such entities, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the Funds' investments.

**Leverage.** Although the Funds themselves does not intend to borrow, other than certain short-term borrowings, portfolio companies may borrow without limitation. While leverage presents opportunities for a Fund's total return it also has the effect of potentially increasing losses. If income and appreciation of such portfolio companies are less than the required interest payment on the borrowings, the value of such portfolio companies, and thus of a Fund's net assets, may decrease or, in extreme cases, the lender could obtain the equity and a Fund could suffer a total loss. Accordingly, any event that adversely affects the value of an investment by the Funds may be magnified to the extent that a portfolio company is leveraged. The Funds' investments have involved, and may in the future involve, portfolio companies whose capital structures have significant leverage. These companies may be subject to restrictive financial and operating covenants. The leverage

may impair these companies' ability to finance their future operations and capital needs. Such investments will be inherently more sensitive to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry.

**Reliance on Other Management.** Although the Funds may seek representation on the board of directors of each of the portfolio companies or otherwise provide management and strategic planning assistance, the Funds will not have an active role in the day-to-day management of the portfolio companies in which they invests. The day-to-day operations of each portfolio company in which a Fund invests will be the responsibility of such portfolio company's management team. Although Linse Capital will be responsible for monitoring the performance of each Fund investment and generally intends to cause the Funds to invest in portfolio companies operated by strong management, there can be no assurance that the existing management team or any successor will be able to operate any such portfolio company in accordance with a Fund's expectations. To the extent that the senior management of a portfolio company performs poorly, or if a key manager of a portfolio company terminates employment, a Fund's investment in such a portfolio company could be adversely affected.

**Follow-On Investments.** A Fund may be called upon to provide follow-on funding to its portfolio companies or may have the opportunity to increase its investment in a portfolio company. Although the Funds' respective general partners may use capital commitments to make follow-on investments, there is no assurance that the Funds and their respective co-investors will wish to make such follow-on investments or that the Funds and their respective co-investors will have sufficient capital to do so. Accordingly, third-party sources of financing may be required, but there is no assurance that such additional sources of financing will be available, or, if available, will be on terms favorable to the Funds. A Fund's decision not to make a follow-on investment or its inability to do so may have an adverse impact on such portfolio company in need of such an investment or may diminish the Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development and it could have a significant negative impact on the Fund's investment.

**Control Liability.** The Funds will generally seek to obtain observation or visitation rights or the right to designate directors to serve on the boards of directors of portfolio companies. In addition, affiliates of Linse Capital have and will continue to serve, from time to time, as officers or directors of portfolio companies. The foregoing rights and activities, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose Linse Capital, its affiliates, and the assets of the Fund to regulatory action and/or claims by a portfolio company, its security holders, and its creditors. In addition, the Fund may be prohibited from selling publicly traded securities of a portfolio company if Linse Capital is in possession of material non-public information relative to such entity. While Linse Capital and the respective general partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory action cannot be eliminated, and such events may have a significant adverse effect on the Fund.

**Public Health Outbreaks and Pandemics.** Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, may materially and adversely impact the value and performance of the Funds' portfolio companies, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their investment objectives, all of which could result in significant losses to a Fund. Such an outbreak can adversely impact global commercial activity and contribute to significant volatility in certain equity and debt markets. The global impact of the current COVID-19 outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. In addition, the operations of a Fund, its portfolio companies, the relevant general partner and Linse Capital may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Investors in the Funds are requested to refer to the Governing Documents of the applicable Fund for more complete information on the risks associated with an investment in a Fund.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Linse Capital and its principal have not been the subject of any material legal proceeding required to be disclosed in response to this item.



## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### *Registered Broker-Dealers*

None of Linse Capital or its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, Linse Capital and its management persons are not affiliated with any broker-dealer, bank or other financial services firm. Notwithstanding the above, Michael Linse currently serves as a board member for portfolio companies of private investment funds advised by Kleiner Perkins Caufield & Byers (and owns economic carried interest in one or more funds affiliated with Kleiner Perkins Caufield & Byers), an exempt reporting adviser advising venture capital funds.

### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

None of Linse Capital or any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

### *Relationships with Related Persons*

As discussed in the subsection titled “*Participation or Interest in Client Transactions and Personal Trading*,” Linse Capital and its related persons serve as the managing member of each of the Funds. Linse Capital and its related persons manage multiple Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the Funds. Please refer to the Governing Documents of the relevant Fund for complete information on the requisite time commitments (if any) of Linse Capital and its related persons to the Funds. Please also refer to the description of Linse Capital’s investment allocation practices described in the subsection “*Side-by-Side Management*” above.

Employees of Linse Capital and its affiliates have served, and may in the future serve, as officers, advisors, directors or in comparable management functions for portfolio companies in which the Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. The foregoing individuals may spend a substantial portion of their time with these Fund-related management activities. In connection with such activities, the foregoing individuals may be given access to confidential information relating to portfolio companies in which the Funds invest and/or be subject to legal or contractual restrictions on their ability to effect transactions for the Funds. As a result, the Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the Funds. These activities and affiliations facilitate Linse Capital’s investment strategy and its management of client portfolios. Board participation of any partners are disclosed in more detail in Linse Capital’s Form ADV Part 2B, the Brochure Supplement.

*Selection or Recommendation of Other Advisers*

Linse Capital neither recommends nor selects other investment advisers for its clients nor receives compensation from such advisers in a manner that would create a material conflict of interest. Linse Capital does not have other business relationships with other advisers that create a material conflict of interest except as described above with regard to Michael Linse's board service to portfolio companies of private investment funds advised by Kleiner Perkins Caufield & Byers.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### *Code of Ethics*

Linse Capital has adopted a Code of Ethics (the “Code of Ethics”) under Rule 204A-1 of the Advisers Act expressing Linse Capital’s commitment to ethical conduct. Linse Capital’s Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Linse Capital’s policies on, among other things (i) receipt of gifts and entertainment by employees, (ii) political campaign contributions, (iii) outside business activities and (iv) the personal trading activities of supervised persons with access to client investment recommendations. Under Linse Capital’s Code of Ethics, Linse Capital has a duty to act only in the best interests of the Funds. Linse Capital must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of Linse Capital that no person employed by Linse Capital shall prefer his own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, Linse Capital requires each supervised person who has access to non-public information regarding clients’ securities transactions, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are non-public (collectively “**Access Persons**”) to provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to Linse Capital’s Chief Compliance Officer and outsourced compliance consultant, ACA Compliance Group.

In an effort to prevent inappropriate securities transactions by Linse Capital’s personnel, the Chief Compliance Officer will maintain a list of restricted securities. The restricted securities list will be updated periodically and will include securities about which any Access Person is in possession of, or knows, material nonpublic information. Access Persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the Chief Compliance Officer after consultation with legal counsel and/or ACA Compliance Group.

Linse Capital requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Linse Capital’s Code of Ethics also includes the firm’s policy prohibiting the use of material non-public information.

Linse Capital will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

### *Participation or Interest in Client Transactions; Personal Trading*

Linse Capital and its related persons have indirect beneficial interests in the portfolio companies in which the Funds have invested and will share in any profits and losses generated by the Funds’ investments. In certain situations, related persons of Linse Capital

have made, and may in the future make, direct investments in portfolio investments held by one or more Funds. All such purchases are subject to compliance with Linse Capital's Code of Ethics as described above.

## **ITEM 12 - BROKERAGE PRACTICES**

### *Discretionary Brokerage*

The Advisers Act establishes a federal fiduciary standard for investment advisers. As a fiduciary, when an adviser has the responsibility to select broker-dealers and execute client trades, the adviser has an obligation to seek to obtain “best execution” of client transactions, taking into consideration the circumstances of the particular transaction. An adviser must execute securities transactions for clients in such a manner that the client’s total costs or proceeds in each transaction are the most favorable under the circumstances. In directing brokerage, an adviser should consider the full range and quality of a broker-dealer’s services including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness to the adviser. As the SEC has stated, the determinative factor (in an adviser’s best execution analysis) is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for the client account.

The Funds invest primarily in non-publicly-traded equity securities, although they may acquire, sell or distribute publicly-traded securities on occasion (for example, where a Fund receives shares of a company as part of a general distribution or initial public offering). To-date, the Funds have neither purchased nor otherwise received any such publicly-traded securities. When selecting private placement opportunities, Linse Capital believes it satisfies its best execution responsibilities through careful negotiation of the terms of the investment. With respect to those limited instances in which the Funds purchase or sell or distribute publicly traded securities through a broker-dealer, Linse Capital seeks to satisfy its best execution obligation by considering all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, the value of the research provided by each broker, the broker’s execution abilities commission rates, and financial responsibility and responsiveness.

### *Research and Soft Dollar Benefits*

Linse Capital does not have any soft dollar arrangements with respect to securities transactions for the Funds.

### *Brokerage and Client Referrals*

Linse Capital does not consider referrals of investors to the Funds in determining its selection of broker dealers or other third parties.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### *Review of Client Accounts*

Linse Capital will continuously monitor portfolio investments on behalf of the Funds. Investments are reviewed in the context of each Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Fund. Linse Capital reviews overall investment objectives, risk tolerance and other information relevant to the Funds

### *Reports to Clients*

Each Fund distributes quarterly, semi-annually and annually written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a summary of the Funds' investments as of the end of the applicable fiscal year and the audited financial statements of the Funds. The semi-annually written reports contain a detailed description of the fund's performance over the preceding six months. The quarterly reports are distributed for the first three quarters of each fiscal year and generally contain unaudited financial statements of the Funds, a list of the Funds' investments at the end of the applicable quarter and the investor capital account balances as of the end of such quarter.

Investors are requested to refer to the Governing Documents of each Fund for further information on the reports provided by a particular Fund to its investors.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### *Economic Benefits Received from Third Parties*

In connection with investments made by the Funds, Linse Capital or its related persons may receive consulting fees, commitment fees, monitoring fees, break-up fees, success fees or other remuneration from portfolio companies in which one or more of the Funds may invest or propose to invest (or affiliates of such portfolio companies). The potential for Linse Capital to receive such economic benefits creates a conflict of interest as Linse Capital may have an economic incentive to invest in portfolio investments that provide such benefits. To alleviate potential conflicts, Linse Capital will generally offset all of such benefits against advisory fees payable by the applicable Fund or otherwise remit such benefits to the investors in such Fund in accordance with such Fund's Governing Documents. Investors are requested to refer to the Governing Documents of each of the Funds for complete information on the additional compensation received by Linse Capital in connection with a particular Fund's investments and the methodology used to calculate the applicable advisory fee offset.

### *Third Party Compensation for Client Referrals*

Linse Capital and related persons of Linse Capital may in the future enter into compensation arrangements with unaffiliated placement agents or third parties for introducing investors to a Fund. In accordance with the terms of the relevant Fund's governing documents, any such placement agent fees will ultimately be payable by Linse Capital and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Fund to Linse Capital. A Fund investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

Linse Capital endeavors at all times to put the interests of the Funds first as part of Linse Capital's fiduciary duty. Nevertheless, the receipt of compensation by a placement agent creates a potential conflict of interest, and may affect the judgment of such placement agent when referring prospective investors to Linse Capital and the Funds.

## **ITEM 15 - CUSTODY**

Linse Capital will not have physical custody of any client assets (other than physical custody of certain privately offered securities held directly or indirectly by the Funds to the extent permitted by the Advisers Act). Nevertheless, Linse Capital is deemed to have constructive custody of the assets of the Funds as a result of its position as managing member of each Fund.

It is Linse Capital's policy to cause each Fund with assets over which Linse Capital is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, Linse Capital will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.



## **ITEM 16 - INVESTMENT DISCRETION**

Subject to the investment objectives, policies and restrictions of each Fund as set forth in the Governing Documents of such Fund, Linse Capital has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Fund, including the selection of, and commissions paid to, broker-dealers (where applicable). Linse Capital is provided with this authority pursuant to a limited power of attorney granted by Fund investors via the applicable Governing Documents.

## **ITEM 17 - VOTING CLIENT SECURITIES**

Because Linse Capital has, or will accept, authority to vote securities held by a Fund, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that have been designed to ensure that Linse Capital complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act, and reflect Linse Capital’s commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the client.

Linse Capital monitors the performance, activities and events related to each investment. When exercising its voting authority over client securities, the Linse Capital considers such information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. The Linse Capital votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with these Proxy Voting Policies and Procedures and Linse Capital’s fiduciary duties to its clients.

Linse Capital reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the client. As a result, depending on the client’s particular circumstances, Linse Capital may vote one client’s securities differently than it votes those of another client, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, Linse Capital may determine that it is in the client’s best interest for Linse Capital to “abstain” from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, Linse Capital, in consultation with outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of the Linse Capital, its owners, its employees or its affiliates, with persons having an interest in the outcome of the vote. If a material conflict exists, Linse Capital takes steps to ensure that its voting decision is based on the best interests of the client and is not a product of the conflict. Linse Capital may, at its discretion, (A) seek the advice of the applicable advisory board of a Fund in voting such security (if any); (B) disclose the conflict of interest to the client or the applicable advisory board of a Fund and defer to the client’s voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with the Linse Capital’s outside counsel, if necessary) which would serve the best interest of the client. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

Linse Capital will deliver to each Fund investor upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Fund.

## **ITEM 18 - FINANCIAL INFORMATION**

Linse Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.