

ITEM 1 – COVER PAGE



VSV Management, LLC

801 Northpoint Parkway, Suite 129

West Palm Beach, FL 33407

Telephone: (248) 594-4751

www.velvetseavc.com

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This brochure, dated December 16, 2021 (the “Brochure”), provides information about the qualifications and business practices of VSV Management, LLC (“VSV”). VSV is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser.

Registration with the SEC as an investment adviser does not imply any level of skill or training of VSV or any of its employees. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at 248-594-4751 or by e-mail at legal@velvetseavc.com. Additional information about VSV is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

This Brochure is prepared by VSV to provide new and prospective clients and investors with disclosure of VSV's business practices and conflicts of interest. We encourage all recipients to read this Brochure carefully in its entirety.

Pursuant to SEC rules, VSV will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of VSV's fiscal year. VSV may also provide other ongoing disclosure information about material changes, as necessary, and provide you with a new brochure, as necessary, based on changes or new information, at any time, without charge.

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ITEM 4 – ADVISORY BUSINESS

VSV's Business

VSV is a limited liability company formed in Delaware in May 2019. VSV is managed by Michael Lazerow, Kathryn Lazerow, John Giampetroni, Matthew Giampetroni and Katherine Q. Rosa. The owners of 25% or more of the interests in VSV are Lazerow Enterprises, LLC (wholly owned by Michael Lazerow), Traverse Capital Partners LLC (wholly owned by John Giampetroni), and Acestes LLC (wholly owned by Matthew Giampetroni).

VSV provides discretionary investment advisory services to two venture capital funds, Velvet Sea Venture Capital Fund, LP and Velvet Sea Venture Capital Fund II, LP (the “**Funds**”), with a focus on opportunistic investments in privately held seed, early-stage and growth-oriented companies; and provides discretionary investment advisory services to various special purpose vehicles (“**SPVs**” and, collectively with the Funds, “**Clients**”), and may do so for additional funds or SPVs (“**Future Clients**”).

In their capacity as the general partners of the Funds, VSV's common control affiliates VSV GP, LLC and VSV GP II, LLC (the “**General Partners**”), each a Delaware limited liability company, rely on VSV to make all investment decisions for the Funds based on the investment objectives and strategies set forth in each Fund's limited partnership agreement. VSV also provides certain non-investment-related management and operational services for the Funds and the General Partners, which services include legal and compliance and certain fund or SPV administration services (*e.g.*, bookkeeping, tax, accounting, audit and certain investor reporting services).

Investment advice is not provided to the investors (*e.g.*, limited partners or members) in the Funds or SPVs (“**Investors**”). Investors should carefully review the applicable Fund's or SPV's relevant organizational documents, including the limited partnership agreement or operating agreement, investment management agreement, private placement memorandum, subscription agreements, or similar documents, as applicable (each a “**Client Document**,” and collectively, the “**Client Documents**”) before making an investment, as the terms set forth therein will govern the applicable Fund or SPV.

VSV does not participate in wrap fee programs.

Regulatory Assets Under Management

As of September 30, 2021, VSV managed \$221,799,450 in assets on a discretionary basis and \$0 on a non-discretionary basis (and therefore the amount of its regulatory assets under management (“**RAUM**”) as of September 30, 2021 was \$221,799,450).

ITEM 5 – FEES AND COMPENSATION

Advisory Services Compensation

Pursuant to the limited partnership agreements by and among the General Partners and Investors, each Fund pays VSV a management fee of 2.0% on committed capital or, following termination of the investment period, actively invested capital, payable in quarterly installments in advance and payable on a *pro rata* basis for any period that is less than a quarter (the “**Management Fee**”).

Management Fees are generally not negotiable, although VSV may waive or reduce the portion of a Fund’s Management Fee charged to the account in that Fund of certain Investors at its discretion, including for Investors who are members, employees, or affiliates of VSV.

The Client Documents identify all applicable fees.

Termination and Fees

Each Fund’s obligation to pay the Management Fee terminates on the effective date of the termination of that Fund. In the event of termination of a Fund, VSV will refund any Management Fees for which services have not been rendered.

In addition, the Management Fees are reduced by a percentage of fees earned by VSV from underlying portfolio companies, as described in more detail in the *Other Compensation* section below.

Carried Interest

The General Partner of each Fund is entitled to receive carried interest from that Fund of 20% after return of invested capital. One of the General Partners or VSV’s common control affiliate VSV Co-Invest GP, LLC (the “**SPV GP**”) is entitled to receive carried interest from the SPVs of 15% or 20% after return of invested capital and satisfaction of a “preferred return,” if any. Such carried interest is subject to the terms described in the Client Documents.

Other Compensation

VSV does not currently, but may in the future, receive fees in connection with services provided to portfolio companies. For example, VSV may receive fees in exchange for providing portfolio companies with management, consulting, and supervisory services in connection with operations. In addition, officers and employees of VSV may receive directors’ fees for serving on the boards of portfolio companies. A portion of these consulting, directors’ and supervisory fees can be used to offset management fees charged to the Funds (if so provided in a Client Document).

See Item 10 below for disclosures related to compensation that VSV and/or its personnel may receive from the Funds’ portfolio companies.

Additional Expenses

The Funds and SPVs typically bear certain out-of-pocket expenses incurred by VSV or its affiliates in connection with services provided to Clients. The payment of such expenses by Clients does not represent a source of profit for VSV or its affiliates; rather it is a reimbursement of expenses paid on behalf of the Client or incurred in connection with services provided to the Client. Such expenses include, but are not limited to: fees and expenses incurred in connection with the formation and organization, and maintaining corporate good standing of the Client; fees and expenses related to the due diligence, acquisition, holding and disposition of the Client's investments (including legal, regulatory and accounting fees and related expenses incident thereto and including expenses related to investment and disposition opportunities not consummated); legal fees and expenses (or if VSV or one of its affiliates performs such function internally, an amount reimbursable to VSV or such affiliate equal to an amount described in the Client Documents); third party accounting and fund administration fees and expenses (or if VSV or one of its affiliates performs such function internally, an amount reimbursable to VSV or such affiliate equal to an amount described in the Client Documents); tax preparation and compliance fees; taxes, fees and other governmental charges levied against the Client; interest and fees associated with short-term borrowings by the Client; registration expenses; expenses incurred by VSV or its affiliates or personnel in its role as the Partnership Representative or similar role related to the tax compliance matters of the Client; financial statement preparation and audit fees; insurance premiums; litigation and indemnification costs and expenses, judgments and settlements; pre-closing marketing and fundraising expenses; software license fees and related expenses for an online investor reporting portal; custodian fees and expenses; expenses of the limited partner advisory board; travel (including first-class and chartered airfare expenses in certain circumstances) and other related expenses incurred while attending meetings of entities in which the Client holds investments or meetings with Investors in accordance with the travel policy of VSV; and any costs, expenses, liabilities and obligations associated with winding up and liquidating the Client. Expenses paid or reimbursed by Clients may include allocations of expenses between VSV, Clients and Future Clients as reasonably determined by VSV.

VSV receives reimbursement from certain portfolio companies for travel, lodging and related expenses (including first-class and chartered airfare expenses in certain circumstances) incurred to attend portfolio company meetings and/or special events, and while conducting business activities on behalf of the portfolio companies.

A complete description of fees and compensation charged is outlined in the Client Documents. Investors should review the applicable Client Document in order to fully understand the total amount of fees and compensation to be paid by a Fund or SPV.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in Item 5 above, the General Partners and the SPV GP charge fees to the Funds and SPVs that are based on the realized gains of the Client's investments. Such performance-based fees are payable to one of the General Partners or the SPV GP, as applicable.

The fact that the General Partners and SPV GP are compensated based on the success of investments held by Clients may create an incentive for the General Partners, the SPV GP or VSV to make investments that are riskier or more speculative than would be the case in the absence of

such compensation. All performance fees charged by the General Partners and SPV GP will be in compliance with Rule 205-3 under the U.S. Investment Advisers Act of 1940, as amended (“**Advisers Act**”).

Performance fee arrangements may also create an incentive for the General Partners, SPV GP or VSV to favor higher fee-paying Clients over others in the allocation of investment opportunities. VSV’s policy is to allocate investment opportunities among Clients and any third parties in a manner consistent with VSV’s fiduciary obligations and the investment objectives and underlying Client Documents of each Client. Unless otherwise provided in a Client’s limited partnership agreement or operating agreement, VSV does not guarantee any Client the right, nor shall VSV be obligated to offer to any Client the opportunity, to invest in any particular transaction. VSV will allocate available investment opportunities among Funds, SPVs and any third parties as it may determine in its sole and absolute discretion. VSV will determine in its sole and absolute discretion whether all or any part (or none) of an investment opportunity will be made through a Fund or through an SPV, or through more than one Client, and if the latter, the amounts in each such Client. VSV may in its sole and absolute discretion make available co-investment opportunities in portfolio investments of a Fund to other investors, lenders and/or one or more limited partners in such Fund.

ITEM 7 – TYPES OF CLIENTS

As indicated in Item 4 above, VSV provides investment advisory services to the Clients and may do so for Future Clients. Each of the Funds and SPVs is a privately placed pooled investment vehicle that relies on exemptions under the United States Investment Company Act of 1940, as amended, that exempt a privately offered entity from registering as an “investment company.” The interests in the Funds and SPVs are exempt from registration under the United States Securities Act of 1933, as amended. Investors in the Funds and SPVs are required to satisfy certain suitability and eligibility requirements as described in the Client Documents.

Investors in the Clients include large institutions and family investment offices. SPVs are typically limited liability companies designed to make specific underlying investments. VSV anticipates that Future Clients will generally include privately placed pooled investment vehicles and SPVs. VSV does not provide investment advisory services directly to Investors in the Funds or the SPVs.

The minimum investment in the Funds is generally \$1 million. This minimum may be waived or modified in the sole discretion of VSV.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Investment Strategies and Methods of Analysis

VSV follows an opportunistic investing strategy that focuses on identifying market-leading companies in rapidly growing industries across a full spectrum of consumer and enterprise companies. The Funds intend to invest in numerous underlying portfolio companies, while each SPV is generally created for one specific investment.

With respect to the Funds, VSV considers a variety of factors when seeking to identify potential investment opportunities, including businesses that have most, if not all, of the following characteristics:

1. *Large and rapidly growing target market.* The market must be large enough to support massive businesses, and must have the potential to generate a company with consistently profitable operations and positive free cash flow;
2. *Complete and proven management team.* Management teams must have proven their ability to attract and retain talent, fund their vision, sell to prospects, retain customers and manage growth at scale;
3. *Proven business model with more than \$10 million in accelerating revenues.* There must be an elimination of product-market fit risk, as partly evidenced by accelerating revenues;
4. *Scalable technology.* Technology must be used as a competitive weapon to do more efficiently what traditional companies in their markets could never do. This technology must work, and must be able to scale to support a massive business;
5. *Long-term competitive advantage.* There must be competitive advantages (*i.e.*, technology lock-in, network effects, customer exclusivity, brand recognition, intellectual property, etc.) that can win over a sustained period in winner-take-most markets; and
6. *Liquidity event horizon of two to five years.* There must be a clear path to sale or IPO in less than 5 years.

Risks of Loss

Investing in securities involves the risk of loss that Investors should be prepared to bear. It is not anticipated that there will be an active secondary market for interests in the Funds or SPVs and it is not expected that such a market will develop. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment, which is generally not expected to occur for a number of years after the initial investment. Prior to such time, there often will be no current return on an investment. It is uncertain as to when profits, if any, will be realized. Further, no guarantee or representation is made that a Client's investment objectives will be achieved, and performance could be negatively impacted by a number of risks, including, but not limited to the following:

Investments in Illiquid and Privately Owned Businesses. A significant portion of investments consist of securities issued by or investments directly in privately held companies. Such investments involve a high degree of business and financial risk, which can result in substantial losses. There is generally no publicly available information about the status and prospects of privately held portfolio companies and Investors must rely on the diligence of VSV to obtain information in connection with investment decisions. VSV may be required to make investment decisions without complete information or in reliance upon information provided by third parties that may be difficult or impossible to verify.

Restricted Nature and Valuation of Investment Positions. There will likely be no readily available market for the investments made on behalf of Clients and, therefore, such investments will be difficult to value.

Concentration of Investments. Clients participate in a limited number of investments and may seek to make investments in only one company or industry segment. As a result, a Client's investment portfolio could become highly concentrated and its aggregate return may be affected substantially by the performance of only one or a limited number of holdings.

Investment in Junior Securities. Certain securities in which a Client invests may be among the most junior in a portfolio company's capital structure and, therefore, subject to the greatest risk of loss.

Investments in Early-Stage or Growth-Stage Companies. The types of investments that the 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 a Client will be adequately compensated for risks taken. A loss of an Investor's entire investment is possible. An investment in a Client is thus designated for sophisticated persons who are able to bear such risk of loss. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Client's term, while successes often require a long maturation.

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

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically 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.

In addition, the success of any venture is dependent upon the availability of high-quality personnel. Competition for qualified personnel at any stage of development can be intense. Turnover of personnel can seriously disrupt a portfolio company's business plan. Similarly, the ability of a portfolio company's personnel to accept and make the transitions that occur as the company matures is difficult to predict or manage. No assurance can be given that a Client's portfolio companies will be able to attract and retain the qualified personnel necessary for success.

No Assurance of VSV's Success in Locating or Investing in Portfolio Companies. There can be no assurance that VSV will be able to locate suitable investments for a Client. At the time an Investor commits to a Fund, the General Partner may not yet have identified any specific investments to be made by the Fund, and, as a result, prospective Investors will not have the opportunity to personally evaluate the relevant economic, business, financial and other information which will be used by the General Partner in making investment decisions. In addition, there can be no assurance that the

General Partner will be able to access future investment opportunities in portfolio companies in which principals or affiliates of the General Partner have pre-existing investments, despite the existence of a pre-existing relationship between such principals or affiliates and such portfolio companies. Although the General Partner will attempt to make investments on behalf of a Fund which meet the criteria set forth in the Client Documents, there is no assurance that such investments can be located. Market and other conditions may require a Fund to make investments that offer a lower rate of return or involve a higher degree of risk than described herein.

Focused Investment Strategy. The Clients will be focused on investments primarily in seed, early-stage and growth-oriented companies, and therefore may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause the 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 industry focus.

Foreign Investments. Each Fund may invest up to 20% of its aggregate commitments in companies that are based outside of the United States or the operations of which are primarily 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 or portfolio company operations 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 a Fund could become subject to an unanticipated local tax liability. The profits or losses of a Fund on any investment, as measured in United States 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, a Fund may incur costs in connection with conversions between various currencies. The Funds do not presently intend to seek to reduce currency risks through "hedging" or other methods.

Competitive Marketplace. The marketplace for venture capital investing has become increasingly competitive. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. Some of the Clients' potential competitors may have greater financial and personnel resources than VSV. There can be no assurances that VSV will locate an

adequate number of attractive investment opportunities. To the extent that a Client encounters competition for investments, returns to Investors in the Client may vary.

Changing Economic Conditions. The success of VSV'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. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems which a Client may depend upon to achieve its objectives may have a significant negative impact on the 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 a Client to operate successfully. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.

Minority Investments. Clients will primarily invest in minority positions and in companies for which VSV or the Client has no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Client will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Client is not affiliated and whose interests may conflict with the interests of the Client. In addition, such minority positions will not have the valuation premiums accorded majority or controlling stakes.

Secondary Transactions. Clients may acquire securities from existing shareholders of certain portfolio companies and not directly from such portfolio companies. Such transactions pose greater risks for the Client, including, but not limited to, potential liabilities related to the imbalance of information between the Client and the selling shareholder, counterparty credit risks, and execution and delivery risks related to individual sellers (*e.g.*, does the seller have authority to enter into the transaction, does the seller have valid and marketable title to the securities being sold), and potential claims by third parties to co-invest with the Client in such transactions.

Public Company Holdings. The investment portfolios of certain Clients may include securities issued by public companies (including formerly privately held portfolio companies that have consummated IPOs during a Client's holding period). Such investments may subject a Client to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Client to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including employees and representatives of VSV, and increased costs associated with each of the aforementioned risks. In the event that a Client's investment portfolio contains securities issued by portfolio companies that were acquired by the Client when such portfolio companies were privately held but thereafter consummated IPOs during a Client's holding period, VSV may hold, sell or distribute such securities to Investors.

In Kind Distributions. Certain Client Documents allow for (or require) in-kind distributions of previously private company securities after they become publicly traded and the shares are no longer restricted by a traditional "lockup" agreement or otherwise. There can be significant volatility and uncertain timing of exact delivery of shares around the time of such in kind

distributions. Such uncertainties can significantly impact an Investor's ability sell and the ultimate amount of realized proceeds from such sale, if applicable.

Material Non-Public Information. By reason of their responsibilities in connection with their other activities, VSV, its employees and representatives may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Clients will not be free to act upon any such information. Due to these restrictions, the Clients may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell a portfolio investment that they otherwise might have sold.

Disclosure of Information. Certain Investors in a Client may be subject to state public records or similar freedom of information laws, which may compel public disclosure of confidential information regarding the Client, its investments and its Investors. There can be no assurance that such information will not be disclosed either publicly or to regulatory authorities, law enforcement agencies or otherwise, including for purposes of complying with regulations or policies to which the Clients, VSV, their affiliates, portfolio companies or service providers to any of them may be or become subject.

Enhanced Scrutiny and Certain Effects of Regulatory Changes. There continues to be discussion regarding enhanced governmental scrutiny and/or increased regulation of the venture capital industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Client's activities, including the ability of the Client to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The broad-based reform of the Internal Revenue Code of 1986, as amended (the “**Code**”), was signed into law on December 22, 2017 (the “**Tax Act**”). Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to Clients and Investors. In addition, the Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Enactment of this legislation could cause VSV's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for VSV to incentivize, attract and retain these professionals, which may have an adverse effect on VSV's ability to achieve the investment objectives of the Clients. In addition, this can create a conflict of interest as the tax position of VSV may differ from the tax positions of the Clients and/or the Investors and therefore, these rules may have an additional impact on the investment decisions made on behalf of the Clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives VSV an incentive to cause a Client to hold an investment for longer than three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years.

These same issues may also apply to officers, directors and employees of a Client's portfolio companies if such persons receive a profits interest in such companies.

Additional legal, tax and regulatory changes could occur during the term of a Client that may adversely affect the Client, its portfolio companies or Investors. The Client may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects.

For a complete description of the risk factors applicable to a Fund or SPV, please refer to the applicable Client Documents.

ITEM 9 – DISCIPLINARY INFORMATION

VSV and its management personnel have not been involved in any legal or disciplinary events that would be material to a Client's or Investor's evaluation of VSV or its management personnel.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Funds and SPVs are managed by VSV. VSV and its supervised persons will have relationships or arrangements with other affiliated (or other associated) financial services companies that may pose material conflicts of interest.

VSV organized and sponsored the Funds, which are privately placed pooled investment vehicles. As such, each Fund is controlled by an affiliate, the applicable General Partner. Private funds established in the future will also likely be controlled by a general partner, or a new affiliated entity created for that purpose (together with the General Partners, each a “**GP Entity**” and collectively, the “**GP Entities**”). Except as otherwise provided in the Client Documents, the GP Entity relies on VSV to make all investment decisions for the applicable Fund, and VSV also provides certain management and operational services for the Funds and the General Partners, as well as manage and control the SPVs. Although none of the GP Entities are separately registered as an investment adviser with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the GP Entities are subject to the supervision and control of VSV. Thus, the GP Entities, and their employees and persons acting on their behalf are “persons associated with” VSV (each a “**Related Party**,” and collectively, “**Related Parties**”), so that the SEC could enforce the requirements of the Advisers Act on the GP Entities.

VSV and its Related Parties engage (or may engage) in a wide variety of activities, some of which may be carried out on behalf of entities and projects that are in competition with the Funds and SPVs. Subject in each case to the limitations set forth in the applicable Client Documents, Related Parties currently, and may in the future, (i) exercise investment responsibility, or otherwise engage, directly or indirectly, in any other business, whether or not similar to, or identical with, the business of the Funds and SPVs (which may include purchasing,

selling, holding or otherwise dealing with investments); (ii) act as partners or advisors to other present or future private funds; and (iii) make investments, including investments in, and financings, acquisitions and dispositions of, investments for their own accounts (or engage in personal trading), in each case without any obligation to offer investment opportunities to the Clients, subject to the limitations set forth in the applicable Client Documents (each a “**Related Party Activity**,” and collectively, “**Related Party Activities**”).

There are certain potential conflicts of interests associated with the Related Party Activities, including a Related Party’s fair and equitable allocation of time between the business of the Funds and SPVs, as applicable, and that Related Party’s outside business activities.

Related Party Activities conducted with the Clients and/or their portfolio companies are generally subject to Investor disclosure and/or consent.

In connection with the Related Party Activities, VSV may determine that there are conflicts of interest or come into possession of information that limits its and its affiliates’ ability to engage in potential transactions. A Client’s activities may be constrained as a result of these conflicts of interest and VSV’s inability to use such information. Additionally, there may be circumstances in which one or more individuals associated with VSV will be precluded from providing services because of certain confidential information available to those individuals. Subject to the terms of the Client Documents, neither VSV nor the GP Entities are under any obligation to decline any engagements or investments in order to make an investment opportunity available to a Client. A Client may be forced to sell or hold existing investments as a result of relationships that VSV may have, or transactions or investments VSV and its affiliates may make or have made.

To the extent VSV and/or a GP Entity determines appropriate, conflict monitoring procedures and mitigation strategies may be put in place with respect to a particular Related Party Activity. Investors rely on VSV and/or the applicable GP Entity to manage any potential conflicts regarding Related Party Activities in VSV’s and/or the GP Entity’s sole and absolute discretion.

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

Code of Ethics

VSV has adopted a Code of Ethics, which is predicated on the principal that VSV owes a fiduciary duty to its Clients. Accordingly, employees of VSV must disclose or avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interest of Clients. VSV endeavors to maintain current and accurate records of all personal securities accounts of its employees in an effort to monitor all such activity.

A copy of the Code of Ethics is available to any Investor or prospective Investor upon request by using the VSV contact information located on the cover page of this document.

Personal Trading

Personal securities transactions by principals and employees of VSV are subject to the restrictions set forth in the Code of Ethics. The personal account trading rules contained in the Code of Ethics, among other things, restrict employees from buying and selling securities that are on the restricted list of VSV. From time to time, VSV or its employees may come into possession of material, non-public or other confidential information about companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Employees are prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any person, regardless of whether the person is a Client of VSV.

Participation or Interest in Client Transactions

As described in Item 5 above, VSV employees currently do not, but may in the future receive directors' fees for serving on the board of directors of a portfolio company, which may be retained in whole or in part by VSV. In addition, portfolio companies may, from time to time, make discounts and other benefits available to VSV employees in connection with products or services offered by such companies.

Employees and other Related Parties may be permitted to invest in the Funds or in funds established as co-investment vehicles to facilitate participation by such persons in portfolio investments made by the Funds. VSV and/or its affiliates, in their proprietary capacity, may also invest in SPVs.

Moreover, VSV and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Clients which will not be subject to any management fee offset or otherwise shared with the Clients or their Investors and/or portfolio companies. For example, airline travel or hotel stays incurred as partnership expenses may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to VSV and/or such personnel (and not the Clients, or their Investors and/or portfolio companies) even though the cost of the underlying service is borne by the Clients and/or their portfolio companies.

VSV may, from time to time, engage and retain strategic advisors, senior advisors, industry experts, consultants and/or other professionals who are not employees or affiliates of VSV (which may include former VSV employees) (collectively, "**Consultants**") and who receive compensation from Clients' portfolio companies. Even though such persons might have certain attributes of VSV employees (*e.g.*, they also maintain a VSV email address), all or portions of their compensation may be paid by Client portfolio company/ies and may not subject to any management fee offset.

From time to time, VSV or a GP Entity or a Related Party could acquire an investment as principal and subsequently sell some or all of it to the Funds or SPVs in an affiliated or related party transaction. Similarly, a Fund or an SPV may acquire an investment and subsequently sell some or all of it to other Funds or SPVs. VSV or the applicable GP Entity may cause these transfers to be made at cost, or cost plus an interest rate or carrying cost charged from the time

of acquisition to the time of transfer, notwithstanding that the fair market value of any such investments may have declined below or increased above cost from the date of acquisition to the time of such transfer. VSV or the applicable GP Entity may also determine another methodology for pricing these transfers, including fair market value at the time of transfer. To the extent that the foregoing constitutes a “principal transaction” under applicable law, the related legal and/or regulatory requirements will be complied with prior to entering into such transactions (*e.g.*, Section 206(3) of the Advisers Act).

ITEM 12 – BROKERAGE PRACTICES

Although VSV’s investment strategy does not generally involve investing in public securities, from time to time VSV retains (on behalf of its Clients) investment bankers or other intermediaries (together, “**Intermediaries**”) for Client transactions. VSV seeks to obtain the execution of 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 on an overall basis (or “best execution”), taking into account such qualitative and quantitative factors affecting the execution quality of transactions that VSV deems to be relevant or appropriate in its discretion including, without limitation:

- presence in certain markets; and
- ability to effect certain specialized types of transactions.

Research or additional ancillary services not associated with a transaction provided by an Intermediary is not a determining factor for engaging the Intermediary.

In order to minimize execution costs and obtain best execution for Client transactions in the event of a transaction in marketable securities, VSV will generally aggregate orders for Clients’ accounts.

VSV does not have any formal soft dollar arrangements or other arrangements that would commit Clients to any specific or implied level of trading.

ITEM 13 – REVIEW OF ACCOUNTS

Investments made on behalf of Clients are generally long-term in nature. VSV closely monitors the entities in which Clients invest and, where appropriate, seeks representation on the portfolio company’s board of directors. Client holdings are reviewed by VSV’s investment personnel, including the Managing Directors, during periodic investment meetings. VSV provides reports to Investors in accordance with each Client Document.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

VSV does not compensate any person for client referrals.

ITEM 15 – CUSTODY

The Clients' assets are held in custody by unaffiliated broker-dealers, banks, qualified custodians, or senior lenders. However, in certain circumstances, VSV may be deemed to have custody of a Client's assets because VSV or its affiliate serves as the general partner of a Fund or managing member of an SPV. In such instances, the Client is subject to an annual audit, and audited financial statements are distributed to each Investor. Audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Client's fiscal year end.

ITEM 16 – INVESTMENT DISCRETION

Pursuant to each Client Document, VSV has discretionary authority to determine the underlying portfolio companies to be bought or sold for certain Clients' accounts, while other Clients are created for one specific investment, but VSV retains discretion as to voting and selling that investment. With respect to discretionary accounts, such discretionary authority will be exercised in a manner consistent with the stated investment objectives of each Client.

ITEM 17 – VOTING CLIENT SECURITIES

Registered investment advisers that exercise voting authority over client securities are required to implement proxy voting policies. Although investments held by the Funds and SPVs generally do not issue proxies in the traditional sense, portfolio companies may occasionally solicit shareholder votes, elections, approvals, and/or consents (collectively, "proxies"). In the event of a proxy, it is VSV's policy to vote in a manner that it believes will increase shareholder value the most or decrease shareholder value the least. VSV may abstain from voting if it deems that abstinence is in its Client's best interests.

Investors generally cannot direct the vote by VSV on behalf of a Client. However, in the event of a conflict of interest between VSV and one or more Clients with respect to a proxy, VSV may refer the matter to the appropriate Advisory Committee (as defined by the relevant Client Document) to determine the best way to resolve the conflict.

Current Investors may request a copy of VSV's full proxy voting policies and procedures and record by contacting VSV at legal@velvetseavc.com.

ITEM 18 – FINANCIAL INFORMATION

VSV has not filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Form ADV, Part 2A requires responses to Item 19 if an investment adviser is registered with one or more state securities authorities. This item is not applicable to VSV.