

TWO SIGMA VENTURES, LP

February 2021

This brochure provides information about the qualifications and business practices of Two Sigma Ventures, LP. If you have any questions about the contents of this brochure, please contact Two Sigma Ventures, LP at (212) 625-5700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Two Sigma Ventures, LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Two Sigma Ventures, LP is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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Important Note about this Brochure

This brochure is not:

- An offer or agreement to provide advisory services to any person;
- An offer to sell interests (or a solicitation of an offer to purchase interests) in any fund; or
- A complete discussion of the features, risks or conflicts associated with any fund or advisory service.

As required by the Advisers Act, the Adviser provides this brochure to current and prospective clients and may also, in its discretion, provide this brochure to current or prospective investors in a fund, together with other relevant offering documents, such as a fund's offering memorandum, prior to, or in connection with, such persons' investment in such a fund. The delivery of this brochure to an investor or prospective investor in a fund is not an acknowledgement that the investor or prospective investor is a client under the Advisers Act or that there is any direct client relationship with the Adviser.

Additionally, this brochure is available through the SEC's Investment Adviser Public Disclosure website. Although this publicly available brochure describes investment advisory services and products of the Adviser, persons who receive this brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this brochure may differ from information provided in relevant offering documents. More complete information about each product managed by the Adviser is included in relevant offering documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any apparent conflict between discussions herein and similar or related discussions in any offering documents, the relevant offering documents shall govern and control.

Item 2. Material Changes

This brochure dated February 3, 2021, has been prepared by the Adviser as an amendment to the prior version of its brochure dated March 30, 2020. This amendment is being filed to provide certain general informational updates as to aspects of the Adviser's operations including the expansion of its strategy to growth-stage investments. Although the Adviser has made other changes throughout this brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices, compliance policies and procedures, risks and conflicts, and in response to evolving industry and firm practices, the updates do not represent material changes to this brochure.

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Item 4. Advisory Business

A. General Description of the Adviser

Two Sigma Ventures, LP (“TSV”) is a Delaware limited partnership which was formed in 2017. TSV’s principal place of business is located in New York, NY. TSV commenced operations as an investment adviser during the third quarter of 2018. TSV conducted business as a division of Two Sigma Investments, LP (“TSI”) from 2012 until commencing operations as a separate adviser in 2018. Two Sigma Management, LLC is the general partner of TSV. John A. Overdeck, David M. Siegel and trusts established by them (and for which they serve as trustees) are principal owners of TSV.

TSV is affiliated with TSI, a Delaware limited partnership, which is an investment adviser registered with the SEC since August 2009, and TSPI, LP, which is an investment adviser registered with the SEC since January 2018, as well as several other investment advisers and other related companies.

In providing services to its clients, TSV is affiliated with entities that serve as the general partners and/or managing members (collectively, along with TSV, the “Adviser”) to certain of its Clients (as defined below). Such entities are relying upon TSV’s registration under the Investment Advisers Act of 1940 in accordance with SEC guidance.

B. Advisory Services

The primary activities of the Adviser are the provision of investment advisory services to investment funds (the “Funds”) privately offered to qualified investors (the “Investors”), including financial institutions, public and corporate pension funds, endowments, and foundations in the United States and elsewhere (each such Fund, including any portfolio that has been capitalized with substantial investments by partners, principals, employees and other affiliates, in each case, of the Adviser or its affiliated entities, collectively referred to herein as “Clients”). These Clients are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and their securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Adviser provides advice to Clients regarding venture capital investments, including negotiated transactions in operating entities (generally referred to herein as “portfolio companies”) that utilize advanced science, technology, computing, engineering, and/or mathematics to innovate in their selected market, in which the Adviser believes that its experience provides an edge in the sourcing, evaluation and/or strategic advising and operations of such companies. The Adviser’s investment advisory services consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. From time to time, where such investments consist of portfolio companies, senior principals or other personnel of the Adviser or its affiliates serve on such portfolio companies’ respective boards of directors or otherwise act to exert influence or control over the management, operations or other business activities of portfolio companies in which the Clients have invested.

Investment advice is provided directly to the Clients and not individually to the Investors in the Clients. The scope of the Adviser’s advisory services to each Client will be detailed in the applicable offering documents (which could include a private placement memorandum, as applicable), investment management agreements, advisory agreement, limited partnership, limited liability company or other operating agreements or governing documents, and/or side letter agreements negotiated with Investors in the applicable Client (collectively, the “Governing Documents”) and are further described below under “*Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.*”

In performing investment advisory services for its Clients, the Adviser has an arrangement with TSI and other entities affiliated with the Adviser (referred to herein collectively as the “**Two Sigma Affiliates**”) whereby the Two Sigma Affiliates provide TSV with advisory personnel and services with respect to certain investments made by such Clients. The advisory services of the Two Sigma Affiliates are described herein. Such advisory personnel will generally provide advice on the review and diligence of potential investments and for other types of support after an investment has been made. TSI will also provide (i) certain services (including legal, compliance and operations), (ii) other administrative services, infrastructure and shared office space, and (iii) the services of shared employees who will be jointly employed by the Adviser and TSI. Such shared employees will be under the direction and supervision of the Adviser in the performance of their duties related to the Adviser. In addition, the Adviser may hire certain employees that are not employees of TSI.

As the investment adviser to a Fund, the Adviser is subject to the investment objectives, guidelines, and any investment restrictions described in the relevant Governing Documents for the relevant Client and generally not tailored to the needs of individual Investors in the vehicle. The Adviser will generally enter into side letters or other similar agreements with certain Investors of Funds that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the other relevant Governing Documents.

Additionally, from time to time and as permitted and governed by a Client’s Governing Documents, the Adviser may provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) that it controls to certain Investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, the Adviser’s personnel and/or certain other persons associated with the Adviser and/or its affiliates (*e.g.*, a vehicle formed by the Adviser’s or the Two Sigma Affiliates’ principals) on terms it deems appropriate, but will be under no obligation to provide such opportunities. The Adviser may allocate such available investment opportunities among its Clients, Investors, any co-investors, its affiliates and/or other persons associated with the Adviser and any third parties as it may determine in its sole discretion. The terms of a co-investment may differ from those of a Client, including with respect to the payment of management fees, carried interest and expenses and may include preferential terms and conditions offered only to one or more co-investors. Expenses incurred in connection with any investment that contains a co-investment will generally be allocated among the participating Client and any co-investors on the basis of capital committed to each of the relevant investments or as otherwise set forth in a Client’s Governing Documents. The Adviser shall, in its sole discretion and subject to a Client’s Governing Documents, be authorized to structure any investment opportunity for a Client involving co-investors, other Clients, Two Sigma Affiliates or their clients, or third parties (collectively, “**Other Parties**”) such that the Other Parties do not bear any expenses in connection with unconsummated transactions, and such Client bears all expenses in connection with unconsummated transactions (including the portion that would have been allocated to one or more Other Parties). For more information relating to co-investments and the potential conflicts of interest relating to such transactions, please see “**Item 8. Methods of Analysis, Investment Strategies & Risk of Loss – F. Conflicts of Interest**” in this Brochure.

The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to Clients, and investment strategies pursued and investments made by the Adviser on behalf of its Clients, should not be understood to limit in any way the Adviser’s investment or other activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each Client’s investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial or full loss of any invested capital. There can be no assurance that the investment objectives of any Client will be achieved.

All discussions of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, the fees and other costs associated with an investment in the Clients, the risks associated with making an investment in the Clients, and conflicts faced by the Adviser in connection with managing the Clients are qualified in their entirety by reference to each Client's respective Governing Documents.

C. Wrap Fee

The Adviser does not provide advisory services under wrap fee programs.

D. Assets Under Management

As of December 31, 2020,¹ the Adviser has assets under management of \$728,498,574, all of which are managed on a discretionary basis.²

¹ *Based on September 30, 2020 valuations.*

² *The Assets under Management provided here and in Item 5F of Form ADV Part 1A are partially calculated using estimates.*

Item 5. Fees & Compensation

Subject to the terms of the relevant Governing Documents of a Client, the Adviser generally receives a management fee or other asset-based fee (“**Management Fee**”) and/or incentive-based compensation, which may be in the form of a fee or an allocation based on realized profits (the “**Carried Interest**”). In addition to Management Fees and Carried Interest, and consistent with each Client’s Governing Documents, Clients bear certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Clients and/or their portfolio companies. Further details about such fees and expenses are set forth below. Expenses charged to a Client are subject to negotiation and adjustment, and the description below is not intended to be exhaustive.

The Adviser may and from time to time does share any compensation it receives, in whole or in part, with any other person, including Two Sigma Affiliates and service providers to a Client.

A. Asset-Based Compensation

As described further in the relevant Governing Documents, the Adviser generally receives an annual Management Fee from each Client as compensation for investment supervisory services rendered to that Client. The precise amount of, and the manner and calculation of, the Management Fees for each Client are established by the Adviser and are set forth in such Client’s Governing Documents. The Management Fee is typically based on a percentage of the Client’s aggregate capital commitments during the investment period (*i.e.*, the period during which a Client may make new investments), and thereafter based on a percentage of capital invested (subject to customary adjustments such as write-downs and write-offs). Management Fees may also be based on a blended rate consisting of a percentage of capital commitments, capital invested or the net asset value of some or all portfolio investments. Management Fees are typically payable quarterly, in advance, and range from 1% to 3% per annum. The Adviser (or its affiliates, as applicable) in its sole discretion may waive, reduce and/or modify (or calculate differently) the Management Fee for certain Clients and does so from time to time for certain Investors in its Clients (including principals and employees of the Adviser or any Two Sigma Affiliates) both voluntarily and on a negotiated basis with selected Investors via side letter and other arrangements, which may not be disclosed to other Investors in the same Client.

Management Fees vary Client by Client, a portion of which may be payable quarterly in advance and a portion of which may be payable quarterly in arrears. Additionally, certain Investors, by virtue of their, or their affiliates’, ownership interest in the Adviser, may be entitled to receive a percentage of the Management Fees. The fee structures described herein may be modified from time to time. Fees may differ from one Client to another, as well as among Investors in the same Client. Clients may pay different Management Fee rates and certain Clients do not pay Management Fees.

If specified in the applicable Governing Documents, Management Fees may be reduced, but not below zero, by certain Other Fees (as defined in “*Other Fees and Expenses*” below.)

B. Performance-Based Compensation

As described under “*Item 6. Performance-Based Fees and Side-by-Side Management*,” the Adviser is generally entitled to a Carried Interest on realized and/or unrealized profits of a Client’s investment portfolio.

As set forth in a Client’s applicable Governing Documents, the Adviser generally will receive a Carried Interest with respect to a Client. The Carried Interest distributed to the Adviser is generally subject to a potential giveback at the end of the life of a Client if the Adviser has received excess cumulative

distributions. The Adviser (or its affiliates, as applicable) in its sole discretion may waive, reduce and/or modify (or calculate differently) the performance-based compensation for certain Clients and certain Investors in its Clients (including principals and employees of the Adviser or any Two Sigma Affiliates). The Carried Interest may differ from one Client to another, as well as among Investors in the same Client. The Adviser, in its sole discretion may share all or any portion of the performance-based compensation with respect to any Client with any other person or entity including its affiliates, their personnel or employees. The existence of performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Client than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation as a better alignment of its interests with those of Investors.

The Adviser has in the past and may, from time to time in the future, allow certain employees of the Adviser or Two Sigma Affiliates to invest in one or more Clients as Investors. Such Investors generally do not pay Management Fees or Carried Interest.

Additionally, as further described in the applicable Governing Documents of each Client, it is the Adviser's practice to retain certain operating partners and/or advisers or other similar professionals (who could also be called "consultants" (including specialized consultants, external executives, and industry advisory roundtable members), "entrepreneur partners," "entrepreneurs-in-residence," "executives-in-residence," "venture partners," "contractors," or "venture experts," (as those terms are generally understood in the venture capital industry)) ("**Operating Partners**") to provide services to (or with respect to) one or more Clients or certain current or prospective portfolio companies in which one or more Clients invest or may invest. Operating Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. Operating Partners include persons affiliated with or employed by Two Sigma Affiliates, the Adviser and third parties. Operating Partners may or may not technically qualify as "employees" of the Adviser under applicable law. Services provided by Operating Partners may be high level insight or extensive day-to-day roles, and may include support to a Client's general partner on behalf of the Clients or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), legal, human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters. The nature of the relationship with each such Operating Partner and the time devotion requirements of each such Operating Partner may vary significantly. Certain Operating Partners are subject to contractual obligations to exclusively provide certain services to the Adviser in connection with the Clients and/or their portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operating Partner services to be provided. Operating Partners may be offered the ability (or may have a preferred right) to co-invest alongside Clients or may be offered the opportunity directly by the portfolio company to invest in the company, or may have pre-existing investments in such portfolio company, including in investments in which such Operating Partner is involved or participates in the management thereof. The Adviser also from time to time agrees to provide such Operating Partners with the right to invest in one or more Clients on different terms, a portion of the Carried Interest received by the Adviser, and such other rights or privileges as the Adviser may determine.

Fees, compensation, expenses and any attributable overhead associated with Operating Partners ("**Operations Expenses**") may be paid and/or reimbursed by the Adviser, portfolio companies and/or the Clients. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operating Partner) may include reimbursement of an allocable portion of any affiliated Operating Partner's compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead

(including, without limitation, rent, property taxes and utilities allocable to the workspaces), an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in the Clients and/or portfolio company or other incentive-based compensation to the Operating Partner. Operating Partners also generally will be reimbursed for certain travel and travel-related expenses, entertainment and accommodation expenses and other costs in connection with their services. The determination of whether a particular party is an Operating Partner will be made by the Adviser, in its sole discretion.

Operations Expenses will, from time to time also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services may be provided for the benefit of a Client, without reference to a particular portfolio company, Operations Expenses incurred in connection with such services are borne by the Client and, indirectly, the investors in such Client. In the event one or more Operating Partners (directly or indirectly) is providing services with respect to the Clients, such Operations Expenses will be allocated among the Clients as determined by the general partner or the Adviser, consistent with the Governing Documents of the applicable Clients and as described below (see “*Allocation of Expenses*”).

Operations Expenses (including those paid to an affiliated Operating Partner) will not be considered Other Fees (as defined in “*Other Fees and Expenses*” below) and, subject to any limitations set forth in a Client’s Governing Documents, will be retained by such Operating Partner and will not reduce the Management Fee or any other fees otherwise payable to the Adviser or its affiliates. The general partner’s good faith determination as to whether a service is an Operating Partner service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Client and its investors. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition to an Operating Partner role, which may shift the burden of compensating such persons from the Adviser to the applicable Client and/or its portfolio companies and any fees received by such persons may not reduce the Management Fee.

C. Other Fees and Expenses

Other Fees and Management Fee Reduction. In addition to the Management Fees and Carried Interest, the Adviser and its affiliates from time to time receive a variety of other cash, equity and other non-cash fees relating to the investment activities of a Client, its portfolio companies and prospective portfolio companies. Subject to any requirements under the applicable Governing Documents, in certain circumstances, Management Fees may be reduced, but not below zero, by certain directors’ fees, consulting fees, break-up fees, employment compensation or equivalent compensation whether in cash or kind, received by a Client’s general partner, the Adviser, a member of one Client’s general partner (for so long as such person is a member thereof) from a company in which the Client then holds an interest, in each case net of all applicable taxes and directly related expenses not reimbursed by the relevant Client (collectively, “**Other Fees**”). The amount and timing of Other Fees received by the Adviser or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction.

The reduction in Management Fee payable by the Client would be subject to the provisions of such Client’s Governing Documents and subject to pro-rata if another Client (which may include a Client that does not pay Management Fees or Carried Interest) or third party also has an investment in the applicable portfolio company. In such case, the Adviser would be entitled to retain any amount of Other Fee allocable to such other Client or third party without any corresponding fee offset. Such Management Fee offset provisions also do not apply (and therefore a Client will not benefit from) fees or other remuneration received in cash (or sold or exchanged for cash) by the Adviser or its affiliates in an amount that exceeds the remaining amount of Management Fees payable by such Client to the Adviser or its affiliates. Other Fees may be substantial and may be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto), or otherwise.

In addition, the Adviser or its personnel, on behalf of the Adviser, may receive stock of a portfolio company as an Other Fee due to the service of such personnel on the board of such portfolio company or as compensation for other services provided to such portfolio company. In such event, the recipient may act in its own interest with respect to the stock received as an Other Fee (including, for instance, determining to sell the distributed securities, or hold on to the distributed securities for such time as such recipient shall determine in its sole discretion). The ability of such recipients to act in their own interest with respect to the stock received as an Other Fee creates a conflict of interest between the Adviser, as an adviser to the Clients and its personnel, on the one hand, and the Clients, on the other hand because the recipient's interests may not be aligned with those of the Clients and the recipient may determine to sell the stock received at a different time, or on different terms, than the Client would sell its interest.

The payment of Other Fees and reimbursements by portfolio companies and prospective portfolio companies (as discussed below) creates a conflict of interest between the Adviser and its affiliates, and the Clients and their Investors because the amounts of these Other Fees and reimbursements can be substantial and the Clients and their Investors generally do not have a direct interest in these fees and reimbursements. The Adviser may determine the amount and timing of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements often will not (except in connection with the reductions described herein) be disclosed to Investors in the Clients.

Certain Fees and Reimbursements Excluded from Other Fees. Certain fees and reimbursements are excluded from the definition of "Other Fees" and do not reduce the Management Fee.

Subject to any requirements under the applicable Governing Documents, the following generally would not offset Management Fees: (i) amounts paid by a portfolio company to a Two Sigma Affiliate in consideration for office space provided by an affiliate of the Adviser or reimbursement for other office-related overhead, costs and expenses incurred by an affiliate of the Adviser in providing incubation support or services to a Fund's portfolio company and (ii) amounts paid to a Two Sigma Affiliate (which for this purpose excludes funds managed by a Two Sigma Affiliate and their respective portfolio companies) for services provided to a Fund's portfolio company in the ordinary course of such portfolio company's business, and in the case of clause (ii), solely to the extent that such amounts do not exceed the amounts that would be otherwise payable under an agreement negotiated at arms-length. Such Management Fee offset provisions also do not apply (and therefore a Client will not benefit from) fees or other remuneration received in cash (or sold or exchanged for cash) by the Adviser or its affiliates in an amount that exceeds the remaining amount of Management Fees payable by such Client to the Adviser or its affiliates. Other Fees may be substantial and may be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto), or otherwise.

From time to time Adviser personnel may be asked to serve (or continue to serve) as directors of, or observers or advisors with respect to, certain entities in which a Client has fully exited its ownership interest. Such companies are no longer portfolio companies of such Client and, as a result, any compensation received by such Adviser personnel that would have been subject to the Management Fee offset provisions described above if such companies were still portfolio companies is not subject to the Management Fee offset, or otherwise shared with a Client or its Investors.

A portfolio company will typically reimburse the Adviser for expenses, including, without limitation, certain legal expenses incurred by the Adviser in connection with its performance of services for such portfolio company. Such reimbursed expenses are generally not included in the definition of "Other Fees" under the terms of the applicable Governing Documents, and such reimbursements do not reduce the Management Fee. Because certain expenses are paid for by a Client and/or its portfolio companies or, if

incurred by the Adviser, are reimbursed by a Client and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses.

From time to time, the Adviser (in its sole discretion) may agree to pay a portion of an Other Fee received from an actual or prospective portfolio company to another third party, such as a consultant, advisor, Operating Partner, finder, broker, co-investor and/or investment bank. The Adviser is not required to share the portion of the Other Fee paid to such other party with the Clients (or their Investors) and, therefore, the portion of an Other Fee paid to such other party will not reduce the Management Fee.

Client Expenses. In addition to paying investment Management Fees and/or Carried Interest to the Adviser, Clients typically pay all of their own operating and investment expenses including, but not limited to: (i) all costs, expenses and other obligations attributable to evaluating, sourcing, acquiring, holding, monitoring, disposing of a portfolio investment or a proposed portfolio investment, including, but not limited to, travel and travel-related expenses, entertainment and accommodation expenses, due diligence expenses (including but not limited to the costs of expert networks, databases, or information services), real property or personal property taxes on investments, broken-deal expenses, fees and expenses of investment advisers and independent consultants incurred in investigating and evaluating investment opportunities, other third-party costs and extraordinary expenses relating to such portfolio investments; (ii) all underwriting, private placement, investment banking, financing, appraisal, filing and other fees and expenses attributable to the portfolio investment or a Client; (iii) all legal (including fees of counsel and actual or threatened litigation expenses), audit and accounting (including expenses associated with the preparation of a Client's financial statements, tax returns and schedules K-1), tax, consulting (including consulting fees incurred by the Client for the benefit of its portfolio company and fees of affiliated consultants, performing operational analyses, establishing best practices at portfolio companies, identifying, diagnosing and addressing operational issues at specific portfolio companies, serving as an executive or similar officer of a portfolio company or subsidiary thereof, serving as a director of a portfolio company or subsidiary thereof, supporting carve-out activities in corporate divestiture investments, and assisting with operational due diligence reviews of prospective investments), financing, insurance (including directors' and officers' insurance, errors and omissions insurance and other similar policies), travel and travel-related expenses (including entertainment and accommodations), litigation and indemnification costs and expenses attributable to the portfolio investment or the relevant Client; (iv) fees and expenses related to the support of portfolio companies, including, but not limited to, conferences and network gatherings (including travel and travel-related expenses, entertainment and accommodation expenses related thereto) and fees and expenses related to advisory, consulting, outsourced human resources and/or marketing services provided to portfolio companies; (v) all costs, expenses and other obligations attributable to the Adviser, the Client's administrator, the Client's custodian and other similar service providers, including costs, expenses and other obligations for services that a limited partner of the Client requires the Adviser to obtain (including in respect of Digital Assets (as defined below)); (vi) all fees, costs and expenses related to regulatory, reporting, licensing or similar matters in any jurisdiction attributable to the Client and the portfolio investments, including without limitation the SEC, the U.S. Commodity Futures Trading Commission (the "**CFTC**"), the National Futures Association, the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), the U.S. Internal Revenue Service, the U.S. Treasury and other U.S. national, state, provision or local regulatory authorities or bodies in any country or territory (for example, "blue sky" and "world sky" requirements, Directive 2011/61/EU on Alternative Investment Fund Managers, SEC Form PF, compliance programs, examinations, regulatory inquiries and other regulatory filings or compliance with applicable laws and regulatory requirements, including any depository expenses and registered office filing fees); (vii) all judgments, fines, penalties, interest and settlements associated with all litigation attributable to the portfolio investment or the relevant Client; (viii) all costs, expenses and other obligations attributable to the administration, maintenance and governance of a Client, including with respect to the relevant Client's independent investor representatives (including, without limitation, the Client's advisory committee and its

members, if any, including expenses of any such advisory committee meetings and reimbursement of reasonable out-of-pocket costs for the advisory committee members and the Adviser to attend such meetings), reporting (including the preparation and delivery of financial statements, reports or tax returns, including mailing and printing costs or the fees, costs and expenses of establishing and maintaining a secure website or other electronic methods of reporting) and annual and other meetings (not including the individual expenses of the Investors); (ix) all costs, expenses and other obligations associated with hedging; (x) any taxes, fees or other governmental charges levied against the relevant Client; (xi) out-of-pocket expenses of the Adviser for transactions not consummated and for incubation support and similar services described below (subject to the limitations set forth below); (xii) all organizational and offering expenses (as described below); (xiii) without duplication, all other costs and expenses of a nature similar (including with respect to wind-up and liquidation) to those described in clauses (i) through (xii) that are related to the relevant Client and its portfolio investment. For purposes of this brochure, “travel and travel-related expenses” include, without limitation, first class and business class, commercial and non-commercial transportation costs, accommodations, and meals. This list is general in nature and not exhaustive, and is subject to additional expenses or modifications to the above expenses, as described in the Client’s Governing Documents, such as expenses related to incubation support and similar services. As a matter of practice, the Adviser will, generally, advance amounts for expenses and receive reimbursement from the applicable Client.

Typically, a Client will also bear all or some of the organizational and offering expenses incurred in connection with (i) the formation and qualification of the Client, the Adviser and any other related or affiliated entities, and (ii) offering the interests in the Client, in the case of each of clauses (i) and (ii) above, including (a) travel and travel-related expenses, entertainment and accommodation expenses and fees and expenses paid or payable to attorneys and accountants in connection with the offering of such interests, (b) registration fees, filing fees and taxes for the relevant Client, the Adviser and any other related or affiliated entities and (c) the costs of qualifying, reproducing, amending, supplementing, mailing and distributing offering materials, including telephone and other communications and transmittal costs. The relevant Client will pay or reimburse the Adviser for any organizational and offering expenses incurred by the Adviser or any of its affiliates on behalf of the Client.

Clients bear fees and expenses associated with the identification, sourcing, due diligence, analysis and evaluation of investment ideas and opportunities, which has in the past and may in the future include such fees and expenses in connection with investments sourced by the Adviser but ultimately allocated to a Two Sigma Affiliate in lieu of such Client. The Adviser will allocate any such fees and expenses in accordance with its policies and procedures, and the Two Sigma Affiliate will not necessarily reimburse the Client for fees and expenses incurred prior to the Two Sigma Affiliate’s commitment.

A Client may also invest in other pooled investment funds or similar structures, including in funds of Two Sigma Affiliates (“**Underlying Funds**”). As an investor in such Underlying Fund, a Client will itself bear a proportionate share of the organizational, offering and ongoing operating expenses, fees and other asset-based or performance-based compensation of such Underlying Fund. Such expenses, fees and other compensation could be significant. As a result, a Client and indirectly the Investors will bear multiple levels of fees and expenses which, in the aggregate, will exceed the expenses typically incurred by an investment in a single Underlying Fund, and will offset a Client’s profits. In addition, because of fees and expenses payable by a Client, its returns on Underlying Funds will be lower than the returns to a direct investor in the Underlying Funds.

Please refer to Item 8 of this brochure for further discussion of conflicts of interest relating to expenses. Please refer to Item 12 of this brochure for further discussion of the Adviser’s brokerage practices.

Generally, Governing Documents permit the Adviser to exempt certain Investors in the relevant Client from payment of all or a portion of the Management Fee or Carried Interest, including the Adviser, its affiliates and their respective personnel. Any such exemption may be made by a direct waiver or a rebate by the Adviser and/or its affiliates, or through other funds which co-invest with a Client. Principals or other current or former employees of the Adviser or the Two Sigma Affiliates may, indirectly as employees or owners thereof, benefit from Management Fee, Carried Interest or other compensation received by the Adviser or its affiliates indirectly in their capacity as owners or employees. Further as described in “**Item 8. Methods of Analysis, Investment Strategies & Risk of Loss – F. Conflicts of Interest**”, certain Investors (or former Investors) or their affiliates may have a direct or indirect interest in the Adviser or a Two Sigma Affiliate, and therefore, will benefit from Management Fee, Carried Interest or other compensation received by the Adviser or its affiliates.

As is typical for private funds, the relevant Client will likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “**Item 12. Brokerage Practices.**”

Dead Deal Allocation. In the event a proposed transaction is not consummated, the full amount of any expenses relating to such proposed but not consummated transaction (“**Dead Deal Costs**”) would therefore be borne by the Client or Clients expected to invest in the deal and not by potential co-investors in the deal. If two Clients may invest in an opportunity that is not consummated and the anticipated allocation is not yet determined, or if it’s not yet determined whether a Client will invest at all (e.g. if an Opportunity Fund may be allocated certain excess of a Core Fund opportunity), the Adviser will make allocation decisions based on its judgment, and if the participation of a particular Client has not been committed by the time the deal dies, there can be no assurance that Client will bear any portion of the expense, in which case Dead Deal Costs would be borne entirely by the other Client that would have invested.

Allocation of Expenses. From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by the Adviser, a Client, a portfolio company, co-investors and/or a third-party (each, an “**Allocable Party**”) and if so, how such fees costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. The Adviser allocates fees, costs and expenses in accordance with a Client’s Governing Documents. To the extent not addressed in the Governing Documents of a Client, the Adviser will make allocation determinations among Allocable Parties in a manner that it believes in good faith is fair and equitable to its clients under the circumstances, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Client, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by the Adviser in its sole discretion). The Adviser will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service may not reflect the relative benefit derived by such Client from that service in any particular instance.

The Adviser may cause the Clients to purchase or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Clients, their general partners, the Adviser itself and their respective directors, officers, employees, agents, representatives, members of the Clients' advisory committees, and other indemnified parties, against liability in connection with the activities of the Clients. This may include a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by the Adviser or its affiliates that cover one or more Clients and the Adviser itself (including their respective directors, officers, employees, agents, representatives, members of advisory committees, and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among the Clients and/or the Adviser itself, on a fair and reasonable basis, and, to the extent other facts and circumstances arise or evolve over time, including, without limitation, the evolution of alternative methodologies or updates to industry or regulatory trends or requirements, may reevaluate allocations should it determine subsequently that other allocations are necessary or advisable. There can be no assurance that a different allocation would not result in a Client bearing less (or more) premiums, fees, costs and expenses for insurance policies. Co-investment vehicles may not bear a portion of such expenses that are allocated to the other Clients even if such co-investment vehicles benefit from the relevant insurance coverage.

There may be occasions when one Allocable Party (the "**Payor Allocable Party**") pays an expense common to multiple Allocable Parties (the "**Allocated Parties**") (e.g., legal expenses for a transaction in which multiple funds and/or co-investors participate). On such occasions, each Allocated Party will reimburse the Payor Allocable Party for its share of such expense, generally without interest, promptly after the payment is made by the Payor Allocable Party. In addition, there may be occasions where a Client procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to the Governing Documents, the borrowing Client will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties. Furthermore, while highly unlikely, it is possible that one of the Allocated Parties could default on its obligation to reimburse the Payor Allocated Party. The Adviser, from time to time, may enter into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants would be paid compensation or other fees and/or are reimbursed for certain expenses. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Client(s), consistent with the allocation process described above.

In addition, the Adviser, from time to time, engages one or more fund administrators or similar service providers to perform certain functions in relation to the Clients, which services may include coordination of the Clients' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting with which the Clients are required to comply. These expenses related to such service provider employees are borne by the Clients.

Item 6. Performance-Based Fees & Side-by-Side Management

A. General

As described under “*Item 5. Fees and Compensation*,” it is expected that the Adviser will receive Carried Interest on certain realized and/or unrealized profits of a Client on a gross or a net basis. The Adviser will generally have the authority to waive, reduce or calculate differently a Carried Interest allocation with respect to certain Investors as described under “*Item 5. Fees and Compensation*.” Adviser personnel generally invest in the Clients indirectly through the Clients’ general partners, and therefore will generally not pay Carried Interest with respect to their indirect investments in the Clients.

The existence of performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of the relevant Client than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation as a better alignment of its interests with those of its Investors. The payment by some, but not all, Clients of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the performance of a Client) creates an incentive for the Adviser to disproportionately allocate time, services, and functions to Clients paying Carried Interest or Clients paying Carried Interest at a higher rate, or allocate investment opportunities to such Clients. Generally, and except as may be otherwise set forth in the Governing Documents of the Clients, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, and (ii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 8 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

B. Certain Conflicts of Interest Associated with Side-By-Side Management

There are additional actual and potential conflicts of interest inherent in the organizational structure and operation of the Adviser and the Two Sigma Affiliates, certain of which are described below. The discussion below does not purport to be a comprehensive discussion of all of the conflicts of interest associated with the Adviser and an investment in a Client. The Governing Documents of the relevant Client or other disclosure, as applicable, contain additional information with respect to the actual and potential conflicts associated with an investment in a Client.

The Two Sigma Affiliates (as well as their respective principals and certain personnel) engage in a wide range of investment and other financial activities (advisory and non-advisory), many of which are not offered to all Clients (or Investors therein). The growth of the Adviser and the Two Sigma Affiliates may increase competition between and among Clients, clients of the Adviser’s affiliates and the Adviser’s affiliates themselves, and may decrease the number of investment opportunities available to Clients and clients of the Adviser’s affiliates. Such competition may create inherent conflicts of interest among the Two Sigma Affiliates and the Adviser.

The Adviser and certain Two Sigma Affiliates engage in investment, financial and other activities for themselves on a proprietary basis (including on behalf of personnel of the Adviser and Two Sigma Affiliates) and on behalf of their own clients and third parties (such as strategic investors or other market participants), which may compete or substantially overlap with the investment activities of Clients. This may present a potential conflict of interest with respect to the types of (and degree of participation in) investment opportunities available to Clients, the resources made available to the Adviser (as an affiliate of the Two Sigma Affiliates), the investment recommendations and decisions made by the Adviser for Clients (e.g., disposition, restructuring and recapitalization), and the management of Client assets by the Adviser.

For example, it is possible that a Client may be invested in a portfolio company in which a Two Sigma Affiliate already has an interest in a different part of the capital structure. Moreover, Investors and holders of beneficial interests in Two Sigma Affiliates include other participants in the financial services and asset management industry (including persons affiliated with investment advisers, their funds, joint venture partners and clients); Two Sigma Affiliates may also from time to time invest in such Investors (including for this purpose investment funds and other clients managed or advised by such Investors or their affiliates). Such arrangements introduce potential conflicts of interest relative to Investors with whom Two Sigma Affiliates do not have such relationships (or relationships to differing degrees), including without limitation, rights and access to information, investment opportunities and voting/consent issues. As the businesses of the Adviser and the Two Sigma Affiliates evolve, new and other potential conflicts may also arise which cannot be predicted at this time. The Adviser will adopt and implement policies and procedures to address such potential conflicts when/if they may arise.

The Adviser will generally value the assets held by the Funds and will be responsible for the determination of asset valuations for all purposes, including the determination of the Management Fee and the Carried Interest. If the Adviser determines that the market price does not fairly represent the value of an asset or liability, or that liquidation or third-party market valuations are unavailable to value an asset or liability, the Adviser will value such investment as it, in its sole discretion, reasonably determines. In certain circumstances, a Client may retain third-party service providers in connection with calculating net asset value, capital account maintenance and the independent verification of the calculation of Management Fees and Carried Interest, if any. In addition, the Adviser may, in its sole discretion, engage third-parties to conduct independent valuations of certain liquid or illiquid assets on a periodic basis.

For more information please see “*Conflicts of Interest*” in “*Item 8. Methods of Analysis, Investment Strategies & Risk of Loss*” below.

Item 7. Types of Clients

A. Clients

As noted in “**Item 4. Advisory Business**” above, the Adviser provides advisory services to Clients that are private investment funds, consisting of commingled vehicles and funds of one (which may be organized as domestic or foreign partnerships, corporations, incorporated or unincorporated entities, or other similar entities), corporations, or similar structures. With respect to the Funds advised by the Adviser, investment advice is provided to the relevant Fund and not individually to each of the Investors in the Funds.

The Funds advised by the Adviser generally admit Investors that are either (i) non-U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act, or (ii) both “accredited investors” as defined in Section 501(a) of Regulation D under the Securities Act and “qualified purchasers” under the 1940 Act. The Investors participating in the Funds generally include individuals, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and, directly or indirectly, principals or other employees of the Adviser and the Two Sigma Affiliates, members of their families or other service providers retained by the Adviser. Although participation in a Client by the Adviser, the Two Sigma Affiliates, and their affiliates and personnel will vary from Client to Client, the Adviser expects that such participation will continue and will represent a significant proportion of certain Clients.

The investment minimums and investor eligibility requirements are stated in the respective Client’s Governing Documents. The Adviser has the discretion to waive, reduce or modify the investment minimums, depending on the complexity and nature of the advisory services provided, subject to certain limitations in accordance with applicable law or regulation.

B. Certain Conflicts

Investors should be aware that potential and actual conflicts of interest may occur between Clients, on the one hand, and the Adviser, on the other. Clients and the Investors thereof should evaluate certain potential conflicts of interest carefully before engaging the Adviser’s services. Please also see “**Conflicts of Interest**” in “**Item 8. Methods of Analysis, Investment Strategies & Risk of Loss.**”

The Adviser manages a number of Clients that have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Clients. The Adviser may give advice or take action with respect to the investments of one or more of its Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives, and strategies. Accordingly, Clients with similar strategies may not hold the same securities or instruments or achieve the same performance. The Adviser also may advise Clients with differing objectives or strategies. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Client. In addition, a Client generally may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Client. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity. Such advice, recommendations, and dealings may result in adverse consequences to a Client’s investment portfolio.

The conflicting interests of different Clients may relate to or arise from, among other things, the nature of investments, the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser, including

with respect to investments that may be more beneficial for one Client than for another Client, especially with respect to Clients' particular tax situations.

The Adviser provides investment advisory services to a number of Clients. Certain Clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Adviser to allocate investment opportunities for Clients fairly and equitably, to the extent possible, over a period of time. The Adviser, however, will have no obligation to purchase, sell or exchange any security or financial instrument for a Client which the Adviser may purchase, sell or exchange for another Client if the Adviser believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for a particular Client.

Item 8. Methods of Analysis, Investment Strategies & Risk of Loss

A. General

An investment in any of our strategies involves risk, including the risk that an Investor can lose money. An investment in any of these strategies by itself is not a balanced investment program for purposes of an Investor's portfolio diversification needs. Investors should consult with their financial adviser regarding the appropriateness of an investment in any of these strategies for their overall investment program.

The investment strategies implemented by the Adviser consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments.

The Adviser provides advice to Clients regarding venture capital investments, including early-stage and growth-stage investments. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Adviser or its affiliates may, in limited circumstances, serve on such portfolio companies' respective boards of directors or otherwise act to exert influence or control over the management, operations or other business activities of portfolio companies in which the Clients have invested. In addition to the investment strategies described above, the Adviser or its affiliates may, from time to time, establish new or complementary investment strategies.

The following is a summary of material risks that may apply to the Adviser's investment strategies. Please note that certain risks, other than "***Risks related to the Investment Strategies***" and "***General Economic and Market Conditions***", may not apply to all the Adviser's strategies or apply to a material degree. Investors should refer to the applicable Governing Documents that may contain additional or different risk disclosure.

B. Investment Strategies and Related Risks

Risk related to the Investment Strategies. The Adviser provides advice to Clients regarding venture capital investments, including negotiated transactions in portfolio companies that utilize advanced science, technology, computing, engineering, and/or mathematics to innovate in their selected market, in which the Adviser believes that its experience provides an edge in the sourcing, evaluation, and/or strategic advising on the operation of such companies. However, venture capital investing involves a high degree of business and financial risk that can result in substantial losses including the potential for a loss of an Investor's entire investment in a Client. In order for a Client to succeed, the Adviser must be able to accurately identify potentially successful enterprises, a process which is difficult even for those with extensive experience in the venture capital field and/or extensive experience or expertise in the fields in which such portfolio companies operate. Portfolio companies may be operating at a loss or with substantial variations in operating results from period to period and may need substantial additional capital to support expansion or to achieve or maintain a competitive position and such additional capital may not be available from any given source in any given case.

Risk Related to General Economic and Market Conditions. General economic or market conditions may adversely affect the performance of the investments in a Client, and reduce the availability of attractive investment opportunities for a Client. Factors affecting economic conditions, including, for example, public market volatility, inflation rates, rising interest rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be in the control of a

Client, the Adviser or a Client's portfolio companies, can substantially and adversely affect the business and prospects of a Client and the portfolio companies in which it has invested. A general economic downturn could also result in the diminution or loss of value of the investments made by a Client due to a number of factors, including a reduced demand for the products or services produced by a Client's portfolio companies. In addition, a downturn or contraction in the economy or in the capital markets, or in certain industries or geographic regions thereof, may restrict the availability of suitable investment opportunities for a Client and opportunities to liquidate a Client's investments on favorable economic terms, each of which could prevent a Client from meeting its investment objectives. A Client's performance can be affected by deterioration in the capital markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and Investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Client's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Client to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Client to pay break-up, termination or other fees and expenses in the event a Client is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Client to dispose of investments at prices that the Adviser believes reflect the fair value of such investments.

Risk of Venture Capital Investments. All or a substantial portion of a Client's 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 can result in substantial losses. Among these risks are the general risks associated with investing in companies at the growth stage of development or with limited operating history, companies operating at a loss or with substantial variations in operating results from period to period, companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position and companies dependent on new or developing technology. There generally will be little or no publicly available information regarding the status and prospects of these companies. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable. There also can be no assurance that the Adviser 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 a Client's activities. As a result, a Client's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

Risk of Early-Stage/Start-Up Investments. The portfolio companies may be unseasoned, unprofitable, have no established operating histories or earnings and may lack technical, marketing, financial and other resources. These companies may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of its manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Although the Adviser may seek to aid or influence certain of its investment companies, a Client will not have an active role in the day-to-day management of the companies in which it invests. To the extent that the management of a portfolio company performs poorly, a Client's investment in such company could be adversely affected. Furthermore, these companies may be more vulnerable to competition and to overall economic condition than larger, more established entities.

In early-stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated. The services and products may also be subject to a high degree of technical obsolescence. There is no assurance that any portfolio company can successfully develop future generations of its services or products. Additional funds may be necessary to complete such development, and there is no assurance that such funds will be available from any particular source. As such, these types of investments involve a high degree of business and financial risk that can result in substantial losses.

Risk of Growth Stage Investments. The Fund will make venture capital investments in privately held, growth-stage companies that leverage science, technology, engineering and/or mathematics in a variety of industries. Investments in growth-stage companies may present features that are different from those of investments in early-stage companies. For example, financings of later stage companies may yield relatively smaller available ownership percentage amounts, fewer or non-standard investor rights and reduced opportunities to communicate with management. In addition, these companies often have limited revenues and may not be profitable and may require considerable additional capital to develop products, technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Furthermore, the products, technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable. Typically, although the Fund may be represented by a member of the Investment Team on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Fund or the Adviser). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

There also can be no assurance that the Investment Team 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 Fund. As a result, the Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

The Fund's portfolio companies may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of its manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Although the Investment Team may seek to aid or influence certain of its portfolio companies, the Fund will not have an active role in the day-to-day management of the companies in which it invests. To the extent that the management of a portfolio company performs poorly, the Fund's investment in such company could be adversely affected. Furthermore, these companies may be more vulnerable to competition and to overall economic condition than larger, more established entities.

In growth-stage enterprises, a major risk exists that widespread adoption of a service or product will not be achieved with the resources available to a portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated. The services and products may also be subject to a high degree of

technical obsolescence. There is no assurance that any portfolio company can successfully develop future generations of its services or products. Additional funds may be necessary to complete such development, and there is no assurance that such funds will be available from any particular source.

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

Lack of diversification. Except as set forth in the Governing Documents, the Fund is not subject to any diversification requirements and may invest in a limited number of companies, sectors, countries or regions. To the extent the Fund concentrates its investments in a particular company, sector, country or region, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, sector, country or region. As a consequence, the aggregate return of the Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Fund has invested. In certain cases, the Fund may acquire a majority or supermajority of the interests in portfolio companies, which could further increase the vulnerability of the Fund's portfolio.

Availability of investment capital. Growth-stage investments often require one or more additional rounds of capital infusions before the portfolio company reaches full maturity. Following its initial investment in portfolio companies, the Fund anticipates that its portfolio companies may require additional funding. In some cases, the Fund may have the opportunity to increase its investment in successful portfolio companies. In other cases, a portfolio company may simply need additional investment to continue to pursue its objectives. If the Fund does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the value of the Fund's original investment. Although the Fund may reserve sufficient liquidity to allow it to participate in follow-on rounds of financings, the Fund does not intend to provide all necessary follow-on capital required by a portfolio company. Accordingly, third-party sources of financing will likely be required. Any decision by the Fund not to make follow-on investments, or its inability to make such investments, may have a substantial adverse effect on a portfolio company in need of such an investment or may result in a missed opportunity for the Fund to increase its participation in a successful enterprise. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Fund. Furthermore, the Fund's capital is limited and may not be adequate to protect the Fund from dilution in subsequent rounds of portfolio company financing.

Risk Related to Minority Investments. A Client will often make minority investments in portfolio companies, which typically afford investors limited influence over such investments. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of the Adviser, and the Adviser may not be in a position to limit or otherwise protect the value of a Client's investment in

the company, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect a Client's investments. The Adviser's control over the investment policies of these companies may also be limited.

Risk Related to Intellectual Property. Many portfolio companies in the technology, engineering and advance sciences sectors are highly dependent upon intellectual property rights, both to ensure a company's freedom to operate and/or to foreclose others, but intellectual property rights can be subject to substantial uncertainty and risk. Actual or alleged infringement of another's patents may constrain or entirely foreclose a company's freedom to pursue its business or may impair its economic returns by requiring the payment of royalties. Conversely, the intellectual property upon which a company relies to protect its business may be challenged by third parties. Such challenges may succeed in whole or in part, and even if unsuccessful, may impose a substantial drain on a company's economic and human resources. Intellectual property risks are often difficult to foresee, and, even when these risks are recognized, it can be difficult to assess the potential value or liability associated with intellectual property disputes.

Risk Related to Investments in Restructurings of Portfolio Companies. Although Clients are not generally expected to invest in restructurings or distressed opportunities, portfolio companies in which a Client is invested may in the future experience financial difficulties, need additional infusions of capital, or may become subject to restructuring or bankruptcy proceedings. Restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions. To the extent a Client has exposure to any such restructurings, such investments could, in certain circumstances, subject a Client to certain additional potential liabilities that may exceed the value of its original investment.

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

Risk Related to Equity Investments. A principal risk of investing in a Client is equity risk, which is the risk that the value of equity securities held by a Client will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by a Client participate, and the circumstances, financial condition and performance of particular companies whose securities a Client holds. An investment in a Client represents an indirect investment in the securities owned by a Client. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of an investment in a Client may at any point in time be worth less than the original investment.

Risk Related to Leverage. The Adviser may, in limited circumstances, use leverage in pursuing investment opportunities for Clients. While leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment of a Client's account would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to such Client's investments could result in a substantial loss to a Client which would be greater than if such investment was not leveraged.

Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the Fund's general partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, fund-level borrowing will result in incremental partnership expenses that will be borne by Investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Fund Agreements, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Though a Fund's general partner uses such Fund's capital call line of credit primarily for administrative convenience to reduce the overall number of capital calls from the Investors and avoid having excess cash on hand, each Fund's net IRR (at both the fund and investor levels) is expected to be higher than it would be in the absence of such capital call line of credit, since each Fund's net IRR will be based on the time investor contributions are actually made and use of the capital call line of credit will delay such contributions. Co-investment vehicles are less likely to have borrowing capability.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant Fund's general partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant Fund's general partner may request certain financial information and other documentation from limited partners to share with lenders. The Fund's general partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the Fund's general partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant Fund's general partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize fund-level borrowing when the Fund's general partner expects to repay the amount outstanding through means other

than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Bridge financings. From time to time, a Client may enter into bridge financings with portfolio companies, which will generally be structured on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge financings would typically be convertible into a more permanent, long-term security. However, for reasons not always in a Client's control, such long-term securities may not be issued and such bridge financings may remain outstanding. In such event, the interest rate on such instruments may not adequately reflect the risk associated with the unsecured position taken by the Client.

Expedited transactions. The Adviser may be required to undertake investment analyses and decisions for a Client on an expedited basis in order for a Client to take advantage of available investment opportunities, in particular with regard to later-stage investments. In such cases, the information available to the Adviser at the time of an investment decision may be limited, and the Adviser may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The Adviser may conduct its due diligence activities over a very brief period of time and may assume the risks of obtaining certain consents or waivers under contractual obligations. In addition, the Adviser may rely upon independent consultants or advisors in connection with the evaluation of proposed investments. There can be no assurance that these consultants or advisors will accurately evaluate such investments. While the Adviser expects to negotiate purchase price adjustments, termination rights and other protections, such rights may not be available or, if available, the Adviser may elect not to exercise them.

Risks in effecting operating improvements. In some cases, the success of a Client's investment strategy will depend, in part, on the ability of the Client to influence a portfolio company to restructure and effect improvements in its operations. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Client will be able to successfully identify or influence a portfolio company to implement such improvements.

Risk Related to Non-U.S. Investments. A Client may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the terms of a Client), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Client and/or the partners with respect to a Client's income, and possible non-U.S. tax return filing requirements for a Client and/or the Investors therein.

Additional risks of non-U.S. investments include: (1) economic dislocations in the host country; (2) less publicly available information; (3) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (4) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (5) civil disturbances; (6) government instability; and (7) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Risk Related to Publicly Traded Securities. A Client may invest in securities issued by publicly held companies and may hold publicly traded securities following a partial exit from an investment. Such investments 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, sensitivity of such companies' securities to

movements in the stock market, limitations on the ability of a Client to dispose of such securities, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members including the Adviser and increased costs associated with each of the aforementioned risks.

Risks Related to Investments with Third Parties. A Client may co-invest in a portfolio company with financial, strategic or other third-party investors. Such investments will involve additional risks not present in investments where a third party is not involved, including the possibility that the co-investor may have interests or objectives that are inconsistent with those of a Client or may be in a position to take (or block) action in a manner contrary to a Client's investment objectives.

Risk Related to Restricted Securities. All or substantially all of a Client's investments may consist of securities that are subject to restrictions on resale by such Client because they were acquired in a "private placement" transaction or because such Client is deemed to be an affiliate of the issuer of such securities. Generally, a Client will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, Clients may be deemed to be an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Act. In addition, there can be no assurance that Clients can sell restricted securities at the same trading price as the equivalent securities that are not restricted.

Risk Related to Junior Securities. A Client may invest in securities that are among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Client's investment once made.

Valuation Risk. A Client may invest in early-stage portfolio companies that do not have a clear valuation. In some cases, conventional valuation methods may be inappropriate or impossible to employ. There is no assurance that the valuation obtained by a Client for any given portfolio investment will be at all representative of the ultimate profit or loss obtained by a Client with respect to such investment. There can be no assurance that the Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information or valuations provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the Adviser with respect to an investment will represent the value realized by a Client on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by the Adviser may cause it to ineffectively manage a Client's investment portfolios and risks, and may also affect the diversification and management a Client's portfolio of investments.

Risk Related to Limitations on Ability to Exit Investments. A Client will generally exit investments in two principal ways: (i) private sales (including mergers with or acquisitions of its portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be available to a Client, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

Risk Related to Service on Boards of Directors; Director Liability. Certain senior principals or other personnel of the Adviser or Two Sigma Affiliates may serve as directors of certain of a Client's portfolio companies. Such service, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose a Client or the Two Sigma Affiliates and its members and affiliates to regulatory action and/or claims by a portfolio company, its security holders and its creditors. While the Adviser intends to manage a Client in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory actions cannot be eliminated, and such events may have a significant adverse effect on a Client.

In their capacity as directors, such individuals may become subject to fiduciary or other duties to the portfolio company on whose board they serve, which duties could conflict with and adversely affect a Client. On the other hand, a Client's Governing Documents may not require that a representative of a Two Sigma Affiliate serve as a director of each portfolio company, and accordingly there can be no assurance that the Adviser will have a legal right to influence the management of each portfolio company.

Issuer and non-issuer transactions. Clients may acquire investments through both issuer and non-issuer transactions. In the case of a non-issuer transaction, a Client will purchase securities from existing shareholders (either directly or by means of a secondary market). In many cases, the price that a Client must pay to acquire securities in a non-issuer transaction will exceed the price that a Client would have paid if it were able to have acquired such securities directly from the issuer. Furthermore, in the event of a non-issuer transaction, there is no guarantee that a Client will accede to the same rights (e.g., information, voting and right of first refusal) as the selling shareholder.

C. Other Risks of Investing and Trading

Risk Related to Industry Regulations Applicable to Portfolio Companies. It is anticipated that Clients will invest in portfolio companies in the technology industry. Companies operating in this industry are sometimes subject to extensive state, federal and foreign regulations governing their business activities. The failure to comply with applicable regulations, obtain applicable regulatory approvals, or maintain those approvals so obtained, may subject the applicable portfolio company to civil penalties, suspension or withdrawal of any regulatory approval obtained, product recalls and seizures, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on a Client's investment in such company.

Lack of Follow-on Investments. Following its initial investment in portfolio companies, it is anticipated that portfolio companies may require additional funding and that a Client may have the opportunity to increase its investment in successful portfolio companies. There can be no assurance that a Client will make follow-on investments or that a Client will have sufficient funds to make all such investments. Any decision by the Adviser not to make follow-on investments, or a Client's inability to make such investments, may have a substantial adverse effect on a portfolio company in need of such an investment or may result in a missed opportunity for a Client to increase its participation in a successful enterprise. If a Client does not participate in a follow-on investment opportunity and other Investors provide the requested financing, a Client's investment in the portfolio company may be substantially diluted. In addition, while the Adviser may offer to each Investor the opportunity to invest (*pro rata* based on each Investor's percentage interest) in follow-on opportunities from which a Client is precluded, such opportunities will not be independently evaluated by the Adviser or any other Investors and no Investor should construe any decision to make or not make a follow-on investment under these circumstances to be a fiduciary decision with respect to a Client.

Risk Related to Competition for Investments. The venture capital business is highly competitive, and it has become more so in recent years due to increased flows of capital into venture funds and similar investment organizations. A Client and the Adviser will be competing with other entities, including other investment Clients, institutional investors, investment managers, industrial groups, operating companies and merchant banks, established companies and funds, many of which have substantially greater resources and experience or are owned by large and well-capitalized investors, as well as industrial and financial companies investing directly in companies, instead of through venture capital entities. Moreover, the volume of attractive investment opportunities varies greatly from period to period. A Client may be unable to find a sufficient number of attractive opportunities to meet its investment objectives.

Risk Related to Changes in Business Environment. A Client's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory and technology environment within which a Client operates may undergo substantial changes, some of which may be adverse to the relevant Client. The Adviser will have the exclusive right and authority (within limitations set forth in a Client's Governing Documents) to determine the manner in which a Client will respond to such changes, and Investors generally will have no right to withdraw from a Client or to demand specific modifications to a Client's operations in consequence thereof. Prospective Investors are particularly cautioned that the investment strategies used by the management of the Adviser in the past may not be successful, or even practicable, during a Client's term, and the Adviser will have the right and authority to cause a Client's investment sourcing, selection, management and liquidation strategies and procedure to deviate from those described in a Client's Governing Documents.

Risk Related to Long-Term Investments. A Client's investments will generally be illiquid and long-term. At the time of the Client's investment, a portfolio company may lack one or more key attributes (*e.g.*, successful product, competent management team or strategic alliances) necessary for success. Many or most of a Client's portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. In most cases, investments will require several years from the date of initial investment before disposition. It is possible that a Client will still hold some illiquid securities at the end of a Client's term, with the result that such securities may need to be distributed in-kind or sold for a price that reflects their illiquid nature. There can be no assurance that a Client will ultimately be able to sell such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Illiquidity may result from the absence of an established market for investment securities as well as from legal or contractual restrictions on the resale of such securities by a Client.

Risk Related to Currencies. A Client may invest in securities denominated in currencies other than the U.S. dollar or the price of which is determined with reference to currencies other than the U.S. dollar. Unless the relevant Adviser hedges the currency exchange risk, the value of such assets (measured in U.S. dollars) will fluctuate with U.S. dollar exchange rates as well as with price changes in the applicable local markets and currencies.

Hedging Policies/Risks. A Client may, directly or indirectly, employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, currency exchange and other factors (including risks associated with the use of derivative instruments). While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while a Client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, currency exchange rates and other factors may result in a poorer overall performance for a Client than if it had not entered into such hedging transactions.

Risk Related to Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a Client may be required to make representations about the business and financial affairs of the portfolio company, typical of those made in connection with the sale of any business. A Client may also be responsible for the content of disclosure documents under applicable securities laws and may be required to indemnify the purchasers of such investments to the extent that any such representation turns out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by Investors to the extent of their commitments or previous distributions made to them. It is also possible that other claims could be made against a Client in connection with its investments and business operations. To the extent that a Client does not have sufficient uncalled capital or other available resources to satisfy such liabilities, Investors may be required to return amounts previously distributed by a Client to satisfy such liabilities, subject to limitations set forth in the Client's Governing Documents.

Limited Liability of the Adviser and Indemnification. Generally, a Client's Governing Documents set forth circumstances under which the Adviser, its affiliates, stockholders, members, managers, partners, directors, officers, employees, agents and representatives (collectively, the "**Indemnified Parties**") are to be excused from liability to the Client and the Investor therein for damages or losses that the Client or the Investors therein may incur by virtue of any such Indemnified Party's performance of services for the Client. As a result, the Client and the Investors therein may have a more limited right of action in certain cases against these persons than they might have otherwise. Notwithstanding any applicable provisions of the Governing Documents, Investors may have, or be entitled to, rights, claims, causes of action or remedies that cannot be waived or forfeited under applicable law. In particular, Investors should consult with their own legal counsel before concluding that any particular claims against the Adviser of the Client, or its respective members have been waived or forfeited by virtue of the Governing Documents or otherwise. Additionally, if a claim is made against an Indemnified Party, such Indemnified Party may be entitled to be indemnified by the Client, in which case the assets of the Client would have to be used to indemnify such Indemnified Party.

Investment Due Diligence and Investment Research. When conducting due diligence and investment research, the Adviser may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence and investment research process in varying degrees depending on the type of investment. When conducting due diligence and investment research and making an assessment regarding an investment, the Adviser may rely on information provided by such persons, or by the management or shareholders of the target of the investment or their advisors. The due diligence investigation and investment research that the Adviser carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, may lead to inaccurate or incomplete conclusions, or may be manipulated by fraud. Moreover, such an investigation will not necessarily result in the investment being successful.

Risk Related to Material Non-Public Information. As a result of the operations of a Client and its affiliates, the Adviser may come into possession of confidential or material non-public information. Therefore, the Adviser may have access to material, non-public information that may be relevant to an investment decision to be made by a Client. Consequently, a Client may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or a Client's internal policies. Due to these restrictions, a Client may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise may have sold. The inability to buy or sell securities could materially adversely affect the investment results of a Client.

Audit Risks. It is possible that an audit of a Client's tax return by the U.S. Internal Revenue Service (the "**Service**"), if conducted, may result in an audit of an Investor's U.S. tax return, if any. Generally, an Investor that files a U.S. tax return must report each Client item for U.S. federal income tax purposes consistent with its treatments on the Client's return, unless such Investor files a statement with its return that identifies the inconsistency. In the event of an audit, the tax treatment of all Client items may be determined at the Client level in a single proceeding rather than in separate proceedings with each Investor. The Adviser may take primary responsibility for contesting federal income tax adjustments proposed by the Service, to extend the statute of limitations as to all Investors and, in certain circumstances, the Adviser may be able to bind the Investors to a settlement with the Service. The Adviser will inform each Investor of a commencement and disposition of any such administrative proceeding. Nevertheless, an Investor's participation in administrative or judicial proceedings relating to Client items would be restricted.

Withholding and other Taxes. The Adviser intends to structure the Clients' investments in a manner that is intended to achieve the Clients' investment objectives and, notwithstanding anything contained herein to

the contrary, there can be no assurance that the structure of any investment will be tax efficient for any particular Investor or that any particular tax result will be achieved. In addition, tax reporting requirements may be imposed on Investors under the laws of the jurisdictions in which Investors are liable for taxation or in which a Client makes portfolio investments. Prospective Investors should consult their own professional advisors with respect to the tax consequences to them of an investment in a Client under the laws of the jurisdiction in which they are liable for taxation. Furthermore, a Client's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which a Client's portfolio companies are organized.

European Union Directive on Alternative Investment Fund Managers (AIFMD). On July 21, 2011, the European Union (EU) Directive on Alternative Investment Fund Managers (the “**Directive**”) came into force. Among other things, the Directive regulates the marketing in the EU by a manager of an alternative investment fund (the “**AIF**”), regardless of whether the manager or the AIF is established in the EU or elsewhere. Furthermore, the Directive imposes new regulatory obligations on certain managers in respect of their activities and the AIFs that they manage. The implementation of the Directive may have an adverse effect on the marketing and continued operation of a Client in the event the Adviser markets such Client in jurisdictions subject to the Directive. Certain aspects of the Directive will be phased in over a number of years, and during this period each member of the EU may revise its private placement laws. The detailed impact of the Directive on the marketing and operation of a Client will not be known until the specific EU jurisdictions in which the Adviser markets the Client (if any) have been definitively identified.

CFIUS Reviews. Pursuant to the Defense Production Act of 1950, as amended, the U.S. Government has the authority to restrict and prevent foreign acquisitions of and investments in U.S. companies (collectively, “**Foreign Investments**”) on national security grounds, actions that could adversely affect a Client's investments. The Committee on Foreign Investment in the United States (“**CFIUS**”), a U.S. government interagency committee, conducts national security reviews of Foreign Investments and, in the interest of national security, may impose mitigation (*i.e.*, restrictions) on such investments. CFIUS-imposed mitigation can take a variety of forms, including (i) restrictions on the foreign investor's access to the U.S. company's technology or facilities, (ii) restrictions on the foreign investor's role in the governance or decision making of the U.S. company, (iii) mandatory divestiture of a foreign non-managing member's capital contribution and termination of its participation in the Client, (iv) mandatory U.S. Government approvals of changes to the U.S. company's suppliers or the locations of its source code repositories, and (v) the appointment of a U.S. Government-approved monitor to verify the transaction parties' compliance with the mitigation. The President of the United States may block a Foreign Investment that threatens to impair U.S. national security or order a foreign investor to divest of its Foreign Investment. If a Client is controlled by foreign persons or has foreign non-managing members, its investments are potentially subject to CFIUS review. Foreign non-managing members' indirect investments in U.S. companies through a Client also could be subject to CFIUS review. Finally, subsequent proposed investments, acquisitions, or mergers or other transactions related to a Client's portfolio company investments involving foreign persons also could be subject to CFIUS review. If a Client is subject to a CFIUS review, the Client could incur increased costs, including legal fees.

D. Risks Related to Digital Assets

Digital asset investments. Clients may invest in cryptocurrencies, decentralized application tokens, protocol tokens and other cryptofinance coins, tokens and digital assets and instruments that are based on blockchain, distributed ledger or similar technologies (collectively, “**Digital Assets**”). Digital Assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code or other action, not by a central actor, and prices have been extremely volatile.

Emerging technology and malicious actors. The ownership or transmission of Digital Assets is recorded or verified by a distributed ledger or other similar technology. Digital Assets and their functions are generally governed by software run on a network of computers associated with such Digital Assets. Various issues related to such software and such computer networks could result in the diminution in value of Digital Assets, including, without limitation, undiscovered flaws in software, advancement in computing technology and third party attacks on computer networks.

Digital asset exchanges. Digital Asset exchanges and other service providers to the Digital Assets sector are not well developed. Multiple Digital Asset exchanges and parties providing storage solutions for Digital Assets have ceased operation due to fraud, security breaches and governmental decree. Investments in Digital Assets may be held by such an exchange or other third party and could be subject to loss if such exchange or other third party were to shut down or suffer a security breach or other negative event.

Custody of the digital assets. The Adviser will be responsible for arranging custody of a Client's Digital Assets, including by storage in one or more "cold wallets" and/or on various Digital Asset exchanges. Digital Asset exchanges may require the Adviser to provide control of applicable private keys when such exchanges are utilized by a Client. The Adviser will take such reasonable steps as it determines are necessary to maintain access to these keys and to prevent their exposure to hacking, malware and general security threats, but there can be no assurance that such steps will be adequate to protect such keys or the Digital Assets from such threats or that there will be no failure or penetration of the applicable security systems. There also can be no assurance that, to the extent a Client utilizes third-party custodial services, such third parties maintain required certifications with the SEC or other regulatory agencies, the loss of which could cause such custodians to not be deemed qualified custodians by various regulatory agencies. Additionally, as this is an evolving space, it will be difficult to judge best practice among such custodians and there can be no guarantees.

Risk of loss of private keys. Various Digital Assets are controllable only by the possessor of unique private keys relating to the addresses in which the Digital Assets are held. The theft, loss or destruction of a private key required to access a Digital Asset is irreversible, and any such private key would not be capable of being restored by a Client. Any loss of private keys relating to digital wallets used to store Digital Assets could result in the loss of such Digital Assets, and an Investor could incur substantial, or even total, loss of capital invested in Digital Assets.

Uncertain regulatory environment for digital assets. Digital Assets currently face an uncertain regulatory landscape in the United States and in other jurisdictions. Various jurisdictions may, in the near future, adopt laws, regulations or directives that affect Digital Assets and parties that come into contact with Digital Assets. Such laws, regulations or directives may negatively impact Clients in a variety of ways, including increasing the compliance burden of a Client and its related parties or diminishing the value of a Client's investments in Digital Assets.

Risk of Loss due to Incapacitation of Key Personnel. Certain key personnel of the Clients' teams will be the sole individuals in possession of the unique private keys required to access the Digital Assets held by certain Clients. The simultaneous incapacitation of such individuals would likely result in the loss of the private keys and, consequently, the loss of the Digital Assets held by each Client. In the event of incapacitation of the individuals who hold such private keys, a limited partner could incur substantial, or even total, loss of capital.

Lack of management rights in digital asset investments. In many cases, a Client will be investing directly in a Digital Asset that lacks the governance aspects that generally pertain to equity securities. For example, a holder of a Digital Asset does not have the right to appoint board members or otherwise vote on corporate actions of the entity that has issued the Digital Asset. As a result, the Adviser will have limited, if any,

ability to influence the actions of the issuer of the Digital Asset and such lack of influence may negatively impact the value of any particular investment.

Tax risk of digital asset investments. There is substantial uncertainty regarding the tax treatment of Digital Assets. As such, the Adviser may take certain tax positions that may ultimately be treated differently in the course of an audit by the Internal Revenue Service (the “IRS”), or the regulations promulgated by the IRS may change over time. As a result, Investors may be subject to adverse tax consequences associated with their investment in a Client.

Technology and security. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could result in the halting of a Client’s operations or a loss of Client assets. Furthermore, Clients must adapt to technological change in order to secure and safeguard client accounts. While the Adviser believes it has developed an appropriate security system reasonably designed to safeguard Digital Assets from theft, loss, destruction or other issues relating to hackers and technological attack, such assessment is based upon known technology and threats. As technological change occurs, the security threats to Digital Assets will likely adapt and previously unknown threats may emerge. Furthermore, the Adviser believes that Clients may become a more appealing target of security threats as the size of their assets grow. To the extent that the Adviser is unable to identify and mitigate or stop new security threats, Digital Assets may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of Clients or result in loss of assets.

E. Other Risks Relating to Investing in Private Funds

Limited Operating History. The Adviser’s Clients generally will have little operating history, and there can be no assurance that one or more investments made on behalf of a Client will not result in losses. Although certain employees of the Adviser have backgrounds in venture capital and private equity, there can be no assurance that a Client will experience the same level of returns as prior venture capital investments or private equity investments made at the Adviser’s direction in the past.

Management by General Partner or Managing Member. Investors in a Fund will have no right or power to participate in the management or control of the business of such Fund. All aspects of management of a Fund are entrusted to the Adviser. As a result, Investors will not have an opportunity to evaluate the specific investments made by a Fund or the terms of any investment made by such Fund prior to the consummation of such investments. Many investment decisions by the Adviser will be dependent upon the ability of its members and agents to obtain relevant information from non-public sources, and the Adviser will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impractical to verify.

Reliance on TSI. TSI provides various services to the Adviser, including, but not limited to, administrative, legal, technical and clerical services, access to technology equipment and office facilities, maintenance and support services, and other related and miscellaneous services. Pursuant to a services agreement (the “**Services Agreement**”), the Adviser pays TSI a fee for the provision of these services. Such fee is borne by the Adviser and not directly or indirectly by its Clients. All personnel of the Adviser have a direct employment relationship with TSI and not with the Adviser. Because of the services provided to the Adviser by TSI, the Adviser’s performance will be materially dependent on TSI and the talents and efforts of individuals employed by TSI. TSI is not a fiduciary to the Adviser or to any of its clients. The success of the Adviser and the Clients will largely be dependent upon TSI’s ability to continue to provide services to the Adviser. If TSI ceases to do so, or to do so effectively, the Adviser and the Clients will be adversely affected. The Adviser has no control over TSI, and TSI may make decisions without regard to, knowledge

or consideration of, the business objectives of the Adviser or the investment objective of the Clients (subject to the Services Agreement).

Unspecified Use of Proceeds. Except as otherwise described in the relevant Client's Governing Documents, generally a Client does not conclusively select investments that it will make in advance of accepting of capital commitments from Investors. Purchasers of interests in a Client will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by such Client and, accordingly, will be dependent upon the judgment and ability of the Adviser in investing and managing the capital of such Client.

Defaulting Members. Failure of an Investor to fund any portion of its commitment when due could have material adverse consequences on such Investor, including, without limitation, forfeiture of all or a portion of its interest in a Fund pursuant to the terms of the Governing Documents. Further, any failure by Investors to meet a capital call may impair the ability of a Fund to pursue its investment program, force such Fund to borrow, or cause other damage.

Return of Distributions. An Investor in a Fund that receives a distribution subject to certain contingences or giveback requirements (including, in certain circumstances, if the Fund should become insolvent), or in violation of certain applicable laws, rules or regulations, will, under certain circumstances, be obligated to recontribute such distribution to such Fund. The applicable Governing Documents of Funds generally will also require Investors therein to return to such Fund distributions they previously received, subject to certain limitations.

Distributions of Assets Other Than Cash. The Adviser may distribute certain of a Client's investments in securities or other non-cash property. An Investor that receives assets other than cash from a Client may incur substantial costs and delays in converting those assets to cash as distributed assets may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by Investors without such sales triggering a price decline which makes it difficult or impossible for all Investors to sell such securities at the distribution price. Nevertheless, the distribution price of such securities will be established under the provisions of the applicable Governing Documents and will not be adjusted to reflect actual sale prices obtained by the Investors. Further, distributions in kind on dissolution of a Client may result in the receipt by Investors of highly illiquid unregistered securities.

Economic interest of General Partner or Managing Member. Because the percentage of profits allocated to the Adviser or a Two Sigma Affiliate will exceed the capital contribution percentage of the Adviser, and because certain net losses otherwise allocable to the Adviser will be specially allocated to all the Investors (up to the point that the Investors' capital account balances reach zero), the Adviser may have an incentive to make investments that are riskier or more speculative than if the Adviser received allocations on a basis identical to that of the Investors. Moreover, the manner in which the Adviser determines allocations may create a conflict between the Adviser's interests and the Investor's interests as to the manner, timing and sequencing of the disposition of investments, which could result in adverse consequences for the Investors, including, but not limited to, reduced returns and less efficient tax treatment.

Lack of Liquidity and Limited Transferability of Interests in a Client. An investment in a Client is a long-term commitment and there is no assurance of any distribution to the Investors. Interests in a Client will not be registered under the Securities Act or any state securities laws and may not be transferred unless registered under applicable federal and state securities laws or unless an exemption from such laws is available. A Client will have no plans, and is under no obligation, to register such interests under such laws. No market exists for interests in a Client, and none is expected to develop. In addition, interests in a Client are not transferrable except with the consent of the Adviser. Withdrawal of capital from a Client

generally will not be permitted, although the Governing Documents of a Client may specify certain circumstances under which an Investor may be entitled, or required, for legal reasons to withdraw from a Client. Consequently, Investors may not be able to liquidate their investment in the event of a change of circumstances or for any other reason. Investment in a Client requires the ability and willingness to accept such lack of liquidity as well as a high degree of risk.

No Assurance of Profit or Distributions. There is no assurance that a Client's investments will be profitable or that any distributions will be made to the Investors. Any return on investment to the Investors will depend upon successful investments being made by a Client. The marketability and value of any such investment will depend upon many factors beyond the control of a Client. A Client may not have sufficient cash available to make tax distributions to the Investors. The expenses of a Client may exceed its income, and the Investors could lose the entire amount of their contributed capital.

Prior Rates of Return May Not Be Indicative of Client's Returns. Two Sigma Affiliates, including TSI, pursue and implement investment strategies that are different from the investment strategies pursued and implemented by the Adviser. There can be no assurance that investments by a Client will yield comparable results to those previously obtained by the Adviser or any Two Sigma Affiliates in the past, even if the investment strategies may be similar or comparable. Prior experience that the Adviser and the Two Sigma Affiliates, its employees, managers, Investors, directors or partners may have in making investments of the type expected to be made by a Client necessarily was obtained under different market conditions, by exposure to different industries and sectors, and with different technologies at the forefront of development, and there can be no assurance that these or comparable returns will be achieved by a Client's investments individually or in the aggregate. In pursuing investment opportunities for a Client, it is possible that the Adviser is able to achieve a higher and, at times, substantially higher returns for many, if not all, of the other Clients than another Client. In addition, certain Clients may have lower management fees and carried interest and a different methodology for calculating carried interest in comparison to other Clients.

Dependence on Key Personnel. The activities of a Client will depend significantly upon the services of certain key individuals of the Adviser (including members of the investment team). The loss of the services of any of these key personnel for any reason could have a significant adverse impact upon the business and results of a Client's operation. Moreover, principals or employees of the Adviser will not be required to devote their time and attention exclusively to a Client.

Furthermore, from time to time the Adviser relies on certain Two Sigma Affiliates' employees for advice on the review and diligence of potential investments and for other types of support after an investment has been made. This support is not guaranteed by those affiliates, and the Adviser will have to compete for such affiliates' employees' time and attention, and there is no guarantee that the Adviser will be able to secure it. This support could be discontinued in its entirety at any time. The failure to receive this support could potentially cause the Adviser to make unsuccessful investments which could have been avoided or to pass on potential investments that may be successful. Furthermore the Adviser has previously relied on Two Sigma Affiliates to source opportunities; however, this reliance will be subject to certain restrictions and limitations as described herein and in the Governing Documents of the applicable Client.

Limited Diversification of Risk. Clients generally participate in a limited number of portfolio investments and, as a consequence, the aggregate return of a Client may be materially and adversely affected by the unfavorable performance of even a single portfolio investment. In addition, there is no assurance that sufficient diversification of investments can be properly achieved. A Client may be subject to certain diversification limits. A Client will be focused on investments in certain sectors of the information technology industry, and, therefore, will involve more risk and will be subject to greater market fluctuations than a portfolio of securities that is not concentrated in a particular industry or sector. If the overall state of this industry or the specific segments or companies in which a Client invests perform poorly, a Client

will be adversely affected. There can be no assurance that a Client will be able to find a sufficient number of attractive investments, joint ventures or strategic alliances to enable investment of the full amount of the capital committed to a Client.

Restricted Withdrawal and Transfer Rights. The interests in a Client will not be registered under the Securities Act or any other applicable securities laws. It is anticipated that there will be no public market for the interests in a Client, and none is expected to develop. In addition, the interests in a Client will not be transferable except with the consent of the Adviser, which generally may be withheld by the Adviser in its sole discretion, and are subject to the terms and conditions of the Governing Documents of a Client. Investors generally may not withdraw capital from a Client. Consequently, Investors may not be able to liquidate their investments prior to the end of a Client's term.

Side Letters. In accordance with common industry practice, the Adviser and/or a Fund may enter into other written agreements with one or more Investors, including its affiliates, which may grant to such investor specific rights, benefits or privileges in connection with its investment in a Fund that are not made available to other Investors. Such additional rights, benefits or privileges may affect the interests of other Investors of such Fund.

It is also expected that the Adviser will from time to time confirm factual matters to incoming Investors, make statements of intent or expectation to such Investors or acknowledge statements by such incoming Investors that relate to a Fund and/or the Adviser's activities pertaining thereto in one or more respects. Additionally, it is expected that Investors who designate representatives to participate on a Fund's advisory board may, by virtue of such participation, have more information about a Fund and investments in certain circumstances than other Investors generally and may be provided information in advance of communication to other Investors generally. Any such statements, confirmations, agreements or acknowledgements, including those made in response to an Investor's due diligence requests, will not involve the granting of any legal right or benefit, and therefore will not be subject to the "most favored nations" process or election by the Investors, and Investors generally will as a result not typically receive notice thereof or copies of the documentation (if any) in which they are contained. There can be no assurance that any such arrangements will not have an adverse effect on a Fund or that such arrangements will not influence the activities of the Adviser or the operation of a Fund.

Confidential Information. The Governing Documents of a Client will contain confidentiality provisions intended to protect proprietary and other information relating to a Client and a Client's portfolio companies. To the extent that such information is publicly disclosed, competitors of a Client and/or its portfolio companies, and others, may benefit from such information, thereby adversely affecting a Client, its portfolio companies, the Adviser, and the economic interests of the Investors.

Regulatory Concerns. A Client will be subject to a variety of securities laws and other types of governmental regulation that may limit the scope of its operations or impose material compliance costs and other burdens. While the Adviser believes that a Client will not be subject to the registration requirements of the 1940 Act, there can be no assurance that this belief is, or will continue to be, correct. If a Client were subject to such registration requirements, a Client's performance could be materially adversely affected.

In general, the Adviser will seek to minimize the degree of governmental regulation and oversight to which a Client is subject. While it is anticipated that this approach will reduce compliance and other costs, this approach will also eliminate a variety of investor protections (including certain protections arising under the Securities Act, the U.S. Securities Exchange Act of 1934, and the 1940 Act) that would be available if the Client were subject to greater governmental regulation and oversight. In particular, prospective Investors are cautioned against assuming the applicability of investor protections generally associated with public offerings of securities.

Limited Access to Information. The rights of Investors to information regarding a Client and its portfolio companies will be specified, and strictly limited, in the applicable Governing Documents. In particular, it is anticipated that the Adviser will obtain certain types of material information that will not be disclosed to Investors. For example, the Adviser may obtain information regarding portfolio companies (e.g., via employees, partners or affiliates of the Adviser serving as advisors to, or officers/directors of, portfolio companies) that is material to determining the value of securities issued by such portfolio companies. Such information may be withheld from Investors in order to comply with duties to such portfolio companies or otherwise to protect the interests of such portfolio companies or a Client.

With respect to its Clients that are Funds, decisions by the Adviser to withhold information may have adverse consequences for Investors in a variety of circumstances. For example: (i) an Investor that seeks to sell its interest in a Fund may have difficulty in determining an appropriate price for such interest; (ii) decisions by the Adviser to withhold information may make it difficult for Investors to subject to the Adviser to rigorous oversight; and (iii) each communication from the Adviser to one or more Investors must be interpreted in light of the realistic possibility that the Adviser is in possession of undisclosed information relating to a Fund or its portfolio companies that could be material to a comprehensive assessment of such communication. Overall, prospective Investors should not expect a Fund to be operated with the same degree of “transparency” as a publicly traded corporation.

Computation of Capital Accounts. The Adviser’s discretion with respect to all matters concerning the computation of capital accounts may result in potential or actual conflicts of interest between the Adviser and Investors, and the Adviser’s determinations with respect to such matters may be materially different than if such determinations were made by a third party.

Client Advisory Boards. The Adviser may appoint one or more Investors as representatives to advisory boards (“**Advisory Board**”) established with respect to a Fund. The Governing Documents may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to such Fund or any other Investor, other than the duty to act in good faith. In addition, representatives of the Advisory Board may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence their decisions as members of the Advisory Board.

Reserves. The Adviser may establish reserves for follow-on investments by a Client in portfolio companies (subject to certain limitations under the Governing Documents of a Client), operating expenses, Management Fees, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the Investors. If reserves are inadequate, a Client may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with “pay-to-play” or similar provisions.

Litigation Risks. A Client will be subject to a variety of litigation risks, particularly if one or more of a Client’s portfolio companies face financial or other difficulties during the term of a Client’s investment. Legal disputes, involving any or all of a Client, the Adviser, or the Two Sigma Affiliates may arise from the foregoing activities (or any other activities relating to the operation of a Client, the Adviser or a Two Sigma Affiliate) and could have a significant adverse effect on a Client. For example, litigation risks may arise because employees of the Adviser actively assist portfolio companies that are in financial distress. A Client may also participate in portfolio company financings at implicit portfolio company valuations lower than the valuations implicit in preceding rounds of financing. In the event of a dispute arising from any of the foregoing activities (or other activities relating to the operation of a Client or the Adviser), it is possible that a Client, the Adviser or a Two Sigma Affiliate may be named as defendants. Portfolio companies may

have insurance to protect directors and officers, but this insurance may be inadequate. In connection with such actions, in most circumstances, a Client would be obligated to bear defense, settlement and other costs, and the Adviser would generally be entitled to indemnification by a Client. Such costs and indemnification could adversely affect a Client's rate of return. Beyond direct costs, such disputes may adversely affect a Client in a variety of ways, including by distracting the Adviser and harming relationships between a Client and its portfolio companies or other Investors in such portfolio companies.

Cybersecurity Risks. Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The Adviser, the Two Sigma Affiliates, Clients, and their portfolio companies' and service providers' information and technology systems may be vulnerable to damage or interruption from cyber security breaches, computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and other security breaches, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes), or usage errors by their respective professionals or service providers. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to Investors (and their beneficial owners) and material nonpublic information. Although the Adviser has implemented, and portfolio companies and service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. The Adviser does not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to the Adviser, the Two Sigma Affiliates, Clients, Investors and/or a portfolio company, each of whom could be negatively impacted as a result.

Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's, Two Sigma Affiliates', a Client's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and their beneficial owners), material nonpublic information and the intellectual property and trade secrets and other sensitive information in the possession of the Adviser and/or portfolio companies.

Furthermore, breach of the Adviser's technology systems through cyber-attacks, or failure to manage and secure the Adviser's technology environment, could result in malfunctions in the operations of the Adviser's business, loss of valuable information, loss of investments, liability for stolen assets or information, remediation costs to repair damage caused by a breach, additional costs to mitigate against future incidents and litigation costs resulting from an incident. Moreover, loss of confidential client information could harm the Adviser's, a Two Sigma Affiliate's, a Client's and/or a portfolio company's reputation and subject any such entity and its respective affiliates to liability and legal claims under the laws that protect personal data, resulting in increased costs or loss of revenues or otherwise affect their business and financial performance.

The Adviser, a Client and/or a portfolio company could be required to make a significant investment of time and/or expenses to remedy the effects of any such failures, harm to their reputations, legal claims that they and their respective affiliates may be subjected to, regulatory action or enforcement arising out of applicable privacy and other laws, adverse publicity, and other events that may affect their business and financial performance.

Tax Reform Risks. On December 22, 2017, a broad-based reform of the Internal Revenue Code of 1986, as amended was signed into law (the “**Tax Act**”). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Internal Revenue Code of 1986 made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Clients and their limited partners. In addition, although not free from doubt, 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. Significant uncertainties remain regarding the application of the provisions of the Tax Act that affect the taxation of carried interest. Enactment of this legislation could cause the Adviser’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 the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser’s ability to achieve the investment objectives of the Clients. In addition, this can create a conflict of interest as the tax position of the Adviser 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 by 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 the Adviser an incentive to cause a Client to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

Coronavirus and Public Health Emergencies. The recent global outbreak of the 2019 novel coronavirus (“**COVID-19**”), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already, and will continue to, adversely affect a Client’s investments and the industries in which they operate. Furthermore, the Adviser’s ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the Clients’ investment strategies and objectives and the Adviser’s business and to satisfy its obligations to the Clients, their Investors, and pursuant to applicable law, has been, and will continue to be, impaired. The spread of COVID-19 among the Adviser’s personnel and its service providers would also significantly affect the Adviser’s ability to properly oversee the affairs of the Clients (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Client’s investment activities or operations.

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, could have a significant adverse impact on a Client and its investments and could adversely affect a Client’s ability to fulfill its investment objectives. The extent of the impact of any public health emergency on the operational and financial performance of a Client will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of a Client’s investments as well as the ability of a Client to source, manage and divest investments and achieve its investment objectives, all of which could result in significant losses to the

Client. In addition, the operations of a Client, its investments and the Adviser may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew 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.

Possibility of Fraud or Other Misconduct of Employees and Service Providers. Misconduct by (i) the employees, officers, directors, partners, members and managers of the Adviser and portfolio companies, (ii) service providers to portfolio companies, the Adviser, Clients and/or their respective affiliates, and (iii) third-party operators could undermine the due diligence efforts of a Client and/or the Adviser and cause significant losses to a Client. Misconduct may include entering into transactions without authorization, failing to comply with operational and risk procedures (including due diligence procedures), making misrepresentations regarding prospective investments, improperly using or disclosing confidential or material non-public information, failing to comply with applicable laws or regulations, and the concealing of any of the foregoing. Such misconduct may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to a Client. The Adviser has controls and procedures through which it seeks to minimize the risk that any such misconduct will occur, however, there can be no assurance that such misconduct will be identified or prevented.

F. Conflicts of Interest

General. The Governing Documents of a Client establish complex arrangements among the Clients, the Adviser, Investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Client or Investors. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below, as well as in the Governing Documents of the Clients.

A Client's Governing Documents contain a number of detailed provisions designed to address actual and potential conflicts of interest and other activities and considerations that may affect the Adviser's business and strategy. The Governing Documents, however, cannot and do not fully anticipate and address all situations, developments, scenarios, investment opportunities, investment considerations, investment allocations, investment structures, disposition opportunities, disposition considerations and disposition decisions, as the foregoing can vary on a case-by-case basis depending on a variety of facts and circumstances. While the disclosures in this brochure are not intended to be exhaustive, they are an attempt to provide further disclosure, transparency, visibility and understanding of the Adviser's business and strategy and certain potential conflicts of interest that may arise in connection with the Client. Other conflicts may be disclosed in the Governing Documents and/or private placement memorandum of a Client and throughout this brochure and the brochure should be read in its entirety for other conflicts. By engaging the Adviser, each Client will be deemed to have acknowledged the existence of such actual and potential conflicts of interest.

Diverse Investor Group. Investors in a Fund include persons or entities organized in various tax jurisdictions, which may have conflicting investment, tax and other interests with respect thereto. As a result, conflicts of interest may arise in connection with decisions made by the Adviser that may be more beneficial for one type of Fund Investor than for other types of Fund Investors, especially with respect to Investors' individual tax situation (including with respect to the nature or structuring of investments). In

making decisions, the Adviser intends to consider the investment objectives of a Fund as a whole, and not the investment objectives of any Investor of a Fund individually.

Because the commitments contributed by a Fund's Investors may be primarily composed of commitments by certain founding members and Managing Directors of the Adviser and the Two Sigma Affiliates (the "**Founder Investors**"), conflicts may arise between the interests of the Founder Investors and those of a Fund and its Investors who are not Founder Investors in relation to certain decisions regarding, among other things, the nature of investments made by a Fund, the structuring or the acquisition of investments and the timing of disposition of investments. The Founder Investors retain certain rights with respect to, and may have the ability to influence, the Adviser's management and governance (*e.g.*, decisions related to staffing) which could have an indirect impact on a Fund's investment decisions, and which may create a conflict of interest between the interests of the Founder Investors and the interests of other Investors in a Fund. A significant ownership stake in a Fund Client by the Founder Investors, may limit some of the actions that the Adviser may take on behalf of Clients, as required by applicable law.

In addition, certain Investors may also invest in more than one Client, including co-investment vehicles that may invest alongside a Client in one or more investments. Investors may also include affiliates of portfolio companies, charities or foundations associated with personnel or advisors of the Adviser or its affiliates and/or current or former personnel or advisors of the Adviser or its affiliates. Any such affiliates, investment funds or persons may also invest through co-investment vehicles that invest alongside a Client in one or more investments.

Further, Two Sigma Affiliates have invested, and expect to invest in the future, in funds or investment vehicles managed by the affiliates of an Investor. In addition, certain Investors (or former Investors) or their affiliates may have a direct or indirect interest in the Adviser or a Two Sigma Affiliate. Such Investors (or former Investors) or their affiliates benefit from Management Fee, Carried Interest or other compensation received by the Adviser or its affiliates indirectly in their capacity as direct or indirect interest holders or owners. It is also possible that a Client or its portfolio companies will be counterparties or participants in agreements, transactions or other arrangements with an Investor or its affiliate.

Such Investors may therefore have different information about the Adviser, its affiliates and a Client than Investors not similarly positioned. In addition, conflicts of interest may arise in dealing with any such Investors, and the Adviser and the affiliates may not be motivated to act solely in accordance with their interests relating to a Client. Similarly, not all Investors monitor their investments in the same manner. For example, certain Investors may periodically request from the Adviser information regarding a Client and investments and/or portfolio companies that is not otherwise set forth in the reporting and other information required to be delivered to all Investors, for instance, pre-quarterly valuation reporting. In such circumstances, the Adviser may choose to provide such information to such Investor in its sole discretion, provided, that the Adviser will not be obligated to affirmatively provide such information to all Investors. As a result, certain Investors may have more information about a Client, or may receive information about a Client at an earlier time, than other Investors, and the Adviser will have no duty to ensure all Investors seek, obtain or process the same information regarding a Client and its investments and/or portfolio companies.

Allocation of Investment Opportunities Among Clients. The Adviser faces conflicts of interest when allocating investment opportunities and has adopted written policies and procedures relating to the allocation of investment opportunities among Clients and will make allocation determinations consistently therewith. The Adviser will seek to make allocations of investment opportunities on a fair and equitable basis over time and consistent with the Governing Documents of each Fund.

Each Client is generally subject to provisions in its Governing Documents that prescribe what such Client may invest in (collectively, “**Investment Allocation Requirements**”). To the extent the Investment Allocation Requirements of a Client either do not include specific allocation procedures or allow the Adviser discretion in making allocation decisions among the Clients, the Adviser will follow the process set forth below. In general, the Adviser first determines which of the Clients is eligible to participate in a new investment opportunity (i.e., an opportunity to invest in a portfolio company in which no Client has an existing investment). The Adviser assesses whether such investment opportunity is appropriate for a particular Client based on such Client’s investment objectives, strategies, and structure as set forth in such Client’s respective Governing Documents and based on any additional factors that may restrict or limit the offering of an investment opportunity. Prior to allocating a new investment opportunity to one or more Clients, the Adviser determines whether additional factors may restrict or limit the offering of an investment opportunity to such Client(s), including, but not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Clients. This obligation to offer investment opportunities will generally be set forth in the applicable Clients’ Governing Documents.
- **Related Investments:** the Adviser may be required to offer an investment opportunity related to an investment previously made by a Client(s) to such Client(s) to the exclusion of, or resulting in a limited offering to, other Clients.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Clients or Investors in such Clients should be excluded from participating in an investment opportunity due to specific legal, regulatory, and contractual restrictions applicable to the participation of such persons in certain types of investment opportunities.

Once the Clients that are eligible to participate in a particular new investment opportunity have been identified, the Adviser, in its sole discretion, will decide how to allocate such investment opportunity among the identified Clients on a case-by-case basis, subject to any requirements of the Governing Documents of the relevant Clients, taking into account some or all of a wide range of factors, including, but not limited to:

- each Client’s investment objectives and current investment strategies, including industry and allocation targets, geography, and respective return and exposure requirements;
- capital available to the Client and projected future capacity for investment, including considerations around available liquidity and potential for follow-on investment;
- diversification and portfolio construction considerations, including asset class restrictions, targeted leverage levels, industry and other allocation targets;
- availability of other suitable investments for the Client’s mandate;
- risk considerations (including considerations related to cash flows, asset classes, industry and other allocation targets);
- type of security or instrument;
- minimum and maximum investment size requirements;
- tax, legal, contractual or regulatory considerations;
- any other limitations imposed by, or conditions set forth in, the applicable Fund’s governing documents; and
- any other relevant factors as determined by the Adviser.

A new investment opportunity may be offered to one eligible Client to the exclusion of other eligible Clients or may be offered to one or more (but not necessarily all) eligible Clients for co-investment. If the Adviser elects not to allocate the full investment opportunity to the Clients based on one or more of the factors above and a portion of the investment opportunity remains available, then the Adviser may consider allocating such opportunity to one or more other parties, including affiliates of the Adviser. Any sharing

of an investment opportunity among eligible Clients will be determined by the Adviser on a case-by-case basis and would not necessarily be pro rata relative to the respective capital commitments (or remaining unfunded capital) of each such Client. There can be no assurance that the application of the Investment Allocation Requirements and factors set forth above will result in a Client participating in all investment opportunities that fall within its investment objectives. In addition, as discussed below, the conflicts of interest arise with respect to the allocation of investment opportunities as between the Adviser and the Two Sigma Affiliates. The Adviser may, from time to time, consider and reject an investment opportunity on behalf of one Client and the Adviser or an affiliate of the Adviser may subsequently determine to have another Client or other party make an investment in the same company or investment opportunity. A conflict of interest arises because one Client or other party will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Client considering the investment. In such circumstances the benefitting Client or Clients will not be required to reimburse the original Client for expenses incurred in connection with researching such investment.

A Client will, from time to time, invest in opportunities that other Clients or clients of Two Sigma Affiliates have declined, and likewise, a Client or clients of Two Sigma Affiliates will, from time to time decline to invest in opportunities in which other Clients have invested.

In addition, Adviser personnel may participate directly or indirectly in investments made by the Clients. Such interests will vary Client-by-Client and may create an incentive to allocate particularly attractive investment opportunities to the Client in which such Adviser personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Client.

Allocation of investment opportunities to Core and Opportunity Funds. In addition to the Adviser's early-stage funds (the "**Core Funds**"), the Adviser and the Two Sigma Affiliates have organized an "opportunity fund" or "growth fund," (the "**Opportunity Funds**") and may in the future organize additional such funds. Opportunity Funds invest in similar industries as some of the Core Funds but in companies that are at a later stage of maturity, and therefore have more limited risk/reward profiles than are suitable for the Core Funds. When allocating investment opportunities among the Core Funds and Opportunity Funds, the Adviser expects to consider, among other factors, including those described above, the stage of the company, completeness of the team, maturity of the business model, revenue and valuation. There may be investments that could potentially be suitable for both the Core Funds and the Opportunity Funds. Investors will rely on the Adviser's judgment as to how such investment is allocated and which entity is better suited to make the investment. The allocation of such opportunities creates inherent conflicts of interest between the Adviser, the Core Funds and the Opportunity Funds. Generally, the Governing Documents provide that all investment opportunities appropriate for any of the Core Funds and their successor funds will be offered first to the Core Funds subject to any applicable allocation and concentration policies, reserve practices, and investment strategy and to Investors in a Core Fund who hold certain priority rights through side letter arrangements. Any excess of such opportunity may then be allocated to an Opportunity Fund. Accordingly, it is expected that in certain cases an opportunity will be allocated to both the Core and Opportunity Funds (rather than one or the other), particularly where the opportunity falls within the investment strategy of the Core Funds and the Opportunity Fund is therefore allocated excess of such opportunity that the Core Fund (and any Investors with priority co-invest rights) does not take. For all other investment opportunities, the Opportunity Funds generally have a priority right to investment opportunities that meet the Opportunity Funds' investment guidelines.

Allocation Policy; Sharing of investment opportunities with Two Sigma Affiliates. The Adviser and the advisory Two Sigma Affiliates, including TSI, pursue several different investment strategies, which are managed by separate investment teams (each such strategy is referred to herein as an "**Account**"). Such Accounts may include proprietary accounts or funds established by or for the benefit of the Adviser, Two

Sigma Affiliates, other personnel and related affiliates and third parties, including clients of Two Sigma Affiliates. Clients of the Adviser and the Accounts advised by Two Sigma Affiliates (including TSI) from time to time encounter potential conflicts with respect to investment opportunities, data services, research, deal sourcing, resource sharing and investment decisions. Although the Adviser and Two Sigma Affiliates may share certain resources, the benefits of such arrangements may not be proportional among the affiliates in every instance, and from time to time certain affiliates may bear a greater cost or burden than others and such costs may be further allocated to their respective clients.

Additionally, subject to the Governing Documents of a Client, the Adviser in certain cases retains TSI, its operating affiliates and certain persons affiliated with, employed by or retained by the Adviser or TSI, including its investor relations personnel (each, an “**Affiliated Service Provider**”) to provide data-analytics, marketing, technology, acquisition, integration, rationalization and/or other operations services or due diligence, or similar services to a Client, its related investment vehicles or a portfolio investment. In particular the Adviser will rely to a substantial degree on Affiliated Service Providers for vendor data management, access to data sets, data engineering assistance and other activities that are essential to the Advisers data analytics activities (“**Data Analytics Activities**”). The Affiliated Service Providers are not a fiduciary to the Adviser or to any Clients. If Affiliated Service Providers cease to provide their services, the Adviser will be materially adversely affected. In particular Affiliated Service Providers may cease providing the Adviser access to data sets important to the Adviser’s Data Analytics Activities or provide engineering assistance for any reason at all. Replacing such data sets or engineering assistance may be prohibitively expensive for the Adviser. The Adviser has no control over the Affiliated Service Providers, and the Affiliated Service Providers are permitted to make decisions without regard to, knowledge or consideration of, the business objectives of the Adviser, any duties or obligations of the Adviser to any Client or the investment objective, goals or other investment profile characteristics of any Client.

Although the Adviser’s investment teams, on the one hand, and the investment teams of the advisory Two Sigma Affiliates, including TSI, on the other hand, generally pursue different investment strategies, operate separately from one another and make investment decisions independently from one another, the investment professionals of the Adviser and the Two Sigma Affiliates, including TSI, also have regular formal and informal communications. There are times when Accounts managed by advisory Two Sigma Affiliates, including TSI, and Accounts managed by the Adviser may seek to make the same investment, including as a result of independent investigation by the various investment teams managing the Accounts or when two or more teams work in conjunction with one another to pursue an opportunity, including (without limitation) when an investment opportunity is deemed to be too large for one Account to pursue on its own. Similarly, investment opportunities sourced by one affiliate may be shared with or made available to, other affiliates and/or their clients, although there is no obligation for investment opportunities that are sourced by Two Sigma Affiliates to be made available, in whole or in part, to the Adviser or its Clients. The Adviser and the Two Sigma Affiliates have adopted a policy regarding the allocation of investment opportunities among Clients and other Two Sigma Affiliates, which may impact the investment opportunities that are available to a Client (the “**Two Sigma Group Allocation Policy**”). Pursuant to the Two Sigma Group Allocation Policy, certain Clients could generally have priority over other Two Sigma Affiliates with respect to investment opportunities that the Adviser sources and the Adviser will have the right to approve the participation of other Two Sigma Affiliates in such opportunities, if any. Similarly, other Two Sigma Affiliates will have priority with respect to investment opportunities that such affiliates source.

Notwithstanding the foregoing, investment opportunities that enhance the operating platform of Two Sigma Affiliates and involve more than a financial investment are considered “Strategic Opportunities” under the Two Sigma Group Allocation Policy. For example, such Strategic Opportunities may also include strategic partnerships, commercial arrangements or co-development agreements with Two Sigma Affiliates. With respect to Strategic Opportunities, Two Sigma Affiliates, rather than a Client (such as, a Client), will have priority, even if the Adviser originally sourced the opportunity. The determination of whether an

investment opportunity is “strategic” is made in accordance with the Two Sigma Group Allocation Policy and/or other applicable policies.

As a result of the Two Sigma Group Allocation Policy, a Client may not be able to take advantage of certain investment opportunities sourced by the Adviser. To the extent an opportunity is allocated in its entirety to Two Sigma Affiliates instead of a Client, such Client will not participate in any investment gains it otherwise would have realized with respect to such opportunity if it had participated. Moreover, the Adviser or such Client may not be compensated (or reimbursed) for the time and effort involved in identifying any such investment opportunity. The Two Sigma Group Allocation Policy is not the result of arm’s-length negotiations with any Client or Investor. Furthermore, a Client will have no right to participate in any investment opportunities identified by Two Sigma Affiliates. A Two Sigma Affiliate will have priority over any opportunities such affiliate sources, with no obligation to offer any portion of such opportunities to a Client. As a result, a Client will not be able to rely on such Two Sigma Affiliates for a pipeline of investment opportunities.

In certain circumstances, regulatory or policy restrictions imposed on significant Investors in the Funds may cause a Fund to be prohibited from participating in an investment that the Adviser would otherwise seek to make on behalf of a given Fund, including (without limitation) participating in new issue offerings. In addition, instances may arise where the Adviser exercises its discretion not to pursue a particular investment opportunity on behalf of a Client because of the potential restrictions that such pursuit may have on the Adviser’s or its affiliates’ ability to invest in or trade certain securities (or other assets) related to such investments on their own behalf or on behalf of their other clients. Additionally, if a Fund’s Investors are comprised of current or former partners or employees of the Adviser and the Two Sigma Affiliates or their estate planning vehicles (or other similar Investors), the Adviser may have an incentive to provide support to a Fund that it may not otherwise provide to vehicles whose Investors are comprised of unrelated third parties. To the extent that an investment, proposed transaction or other relationship presents a material conflict of interest, the Adviser will review the particular facts and circumstances of such investment, proposed transaction or relationship with a view towards addressing such conflicts in a manner consistent with applicable law which may be further specified in the Adviser’s policies and procedures developed for such purpose.

Conflicts of interest with Two Sigma Affiliates. The Adviser and certain Two Sigma Affiliates engage in investment, financial and other activities for themselves on a proprietary basis (including on behalf of personnel of the Adviser and Two Sigma Affiliates) and on behalf of their own clients (including a fund Client or any Opportunity Fund (as defined below or Related Client (as defined below))) and third parties (such as strategic investors or other market participants), which may compete or substantially overlap with the investment activities of such clients (including a fund Client). The Two Sigma Affiliates currently serve in similar capacities for other clients, and expect to manage or advise other clients and funds (including proprietary funds or accounts) (collectively with the other Clients, the “**Related Clients**”), and enter into transactions with, or provide other services (both advisory and non-advisory) to, such Related Clients. Such Related Clients may purchase or sell the same securities and/or related financial instruments or other investments as those purchased or sold by a Client or may seek investment opportunities that may be of interest to a Client. In addition, the Adviser’s affiliates organize other U.S. or non-U.S. funds, which may be managed by the Adviser or a Two Sigma Affiliate and which may have investment objectives substantially similar to those of a Client. In managing such Related Clients, conflicts of interest may arise. This may present a potential conflict of interest with respect to the types of (and degree of participation in) investment opportunities available to a client (including a fund Client), the resources made available to the Adviser (as an affiliate of the Two Sigma Affiliates), the investment recommendations and decisions made by the Adviser (e.g., disposition, restructuring and recapitalization) and the management of a Client’s assets by the Adviser. For instance, it is possible that a Client may invest in a portfolio company in which a Two Sigma Affiliate already has an interest, including in a different part of the capital structure, or vice versa.

As another example, Two Sigma Affiliates and/or Related Clients have investments in funds that provide financing to the types of portfolio companies in which a Client typically invests. To the extent a Client and a Two Sigma Affiliate and/or Related Clients invest side-by-side in a portfolio company, such Two Sigma Affiliate will be free to make decisions regarding the investment based on its own interests and/or those of its Related Clients, as applicable. Such interests may include strategic goals as well as, or in lieu of, financial goals. The interests of a Client and such Two Sigma Affiliate may diverge: Two Sigma Affiliates may have (a) investment goals, (b) investment timelines, and/or (c) resources available to effectuate investments that, in each case, differ from those of a Client. These differences may affect the timing and amount of a Client's gain or loss on its investment. Such Two Sigma Affiliates may also have greater control or influence over an investment and therefore a greater ability to promote their interests.

Furthermore, a Two Sigma Affiliate has in the past and may in the future buy from or sell to a Client an interest in a portfolio company, which may constitute a principal transaction. Such transactions create conflicts of interest for the Adviser in negotiating the terms or pricing of such transaction or recommending such transaction to a Client, as the Two Sigma Affiliate (and indirectly the Adviser and its owners) may benefit from the transaction. When the Adviser and/or its affiliates engage in such transactions, the Adviser seeks to effect any such transaction in accordance with the requirements of Section 206(3) of the Advisers Act. For more on how the Adviser handles principal transactions please see ***“Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading”*** in this brochure.

A Client's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with Two Sigma Affiliates or portfolio companies of Related Clients (**“Other Fund Companies”**), and such agreements, transactions or other arrangements could be material to such portfolio companies' success or failure. Such agreements, transactions or other arrangements may involve fees, commissions, servicing payments, discounts, rebates and/or other benefits to such portfolio company, Related Clients or Two Sigma Affiliate, as applicable. For example, a portfolio company may provide services or sell assets to a Two Sigma Affiliate's asset management or quantitative trading business, or may be acquired as part of a strategic or other transaction. The benefits received by the Two Sigma Affiliate involved in the agreement, transaction or other arrangement may be greater than those received by the portfolio company, and there is no guarantee that such transaction would be at market price. Any fees paid in connection with such services generally will not offset the Management Fee payable to the Adviser. Such agreements, transactions or other arrangements often will be entered into without the consent or direct involvement of a Client or the consent of the applicable Advisory Board and/or the Investors, as a Client generally only has limited control rights in the portfolio companies it invests in and will generally not be involved in the negotiations relating to such agreements, transactions or other arrangements. In addition, such portfolio companies' management could be influenced by a Client's investment, and such agreement, transaction or other arrangement may not have otherwise been entered into but for the affiliation or other relationship with Two Sigma Affiliates. Similar to the conflicts described above, Two Sigma Affiliates, Related Clients or Other Fund Companies will be free to make decisions regarding any agreement, transaction or other arrangement based on its own interests which may cause the interests of the portfolio company and such Two Sigma Affiliate or Related Clients to diverge, and these differences may affect the success or failure of such investment for a Client.

The Adviser and the Two Sigma Affiliates may determine that there are conflicts of interest or come into possession of information that limits their or their employees' ability to engage in potential transactions. A Client's activities may be constrained as a result of these conflicts of interest and the Adviser's personnel's inability to use such information. Additionally, there may be circumstances in which one or more individuals associated with Two Sigma Affiliates will be precluded from providing services to the Adviser or to a Client because of certain confidential information available to those individuals or to Two Sigma Affiliates.

The Adviser and the Two Sigma Affiliates have the ability to invest in financial instruments for their own accounts or for the accounts of others. This may on occasion create conflicts of interest with a Client with regard to such matters as allocation of opportunities to participate in particular investments or to dispose of certain investments. Employees of the Adviser may engage in personal investment activities that could involve a conflict of interest with the investment activities of a Client. To the extent that an investment, proposed transaction or other relationship presents a material conflict of interest, the Adviser will review the particular facts and circumstances of such investment, proposed transaction or relationship with a view towards addressing such conflicts in a manner consistent with applicable law which may be further specified in the Adviser's policies and procedures developed for such purpose.

Service providers often charge different rates or have different arrangements for services. For example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by a Client and/or a portfolio company are different from those used by the Adviser or the Two Sigma Affiliates, such entities pay different amounts or rates than those paid by a Client and/or a portfolio company. Similarly, the Adviser, the Two Sigma Affiliates, a Client or its portfolio companies from time to time enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with the Adviser) whereby such counterparty may charge lower rates (or no fee) and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including, without limitation, the volume of transactions entered into with such counterparty by the Adviser, the Two Sigma Affiliates, a Client and its portfolio companies in the aggregate. A Client's portfolio companies will likely be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other investment funds managed by the Adviser or the Two Sigma Affiliates, or certain third-party service providers that would not have otherwise been entered into but for the affiliation or relationship with the Adviser, and which involve fees, commissions, servicing payments, discounts, rebates and or other benefits to the Adviser, the Two Sigma Affiliates (including personnel) and/or a portfolio company which are not subject to the Management Fee offset provisions. To the extent that an Other Fund Company is providing such a service, such Other Fund Company and a Related Client that is invested in such Other Fund Company will benefit, and the benefits received by such Related Client or Other Fund Company providing the service may be greater than those received by a Client and its portfolio companies receiving the service. Additionally, Two Sigma Affiliates will from time to time hold equity or other investments in companies or businesses that provide services to or otherwise contract with portfolio companies. Two Sigma Affiliates have in the past entered (and can be expected in the future to enter) into relationships with companies in the information technology and related industries whereby such Two Sigma Affiliates acquire an equity or similar interest in such company. In connection with such relationships, Two Sigma Affiliates may also make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Two Sigma Affiliates that are tied or related to participation by portfolio companies). A portfolio company of a Fund may enter into agreements, transactions or other arrangements with another portfolio company of a Related Client, which may give rise to actual or potential conflicts of interest for the Adviser, a Fund and/or their respective affiliates. Such agreements, transactions or other arrangements may be entered into without the consent or direct involvement of a Client and/or such other Related Client and/or the Investors of such Clients (including, without limitation, in the case of minority investments in such portfolio companies or the sale of assets from one portfolio company to another).

The Adviser's personnel may have conflicts of interest in allocating their time and activity between Clients and Related Clients, in allocating investments among Clients and Related Clients and in effecting transactions between Clients and Related Clients, including ones in which the Adviser (and its principals) may have a greater financial interest.

Conflicts Relating to Purchases and Sales. Although Clients are generally expected to make minority investments, the Adviser and/or its affiliates from time to time has the right to appoint portfolio company board members (including current or former Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members may approve compensation and/or other amounts payable to the Adviser and/or its affiliates. Such amounts will be in addition to any Incentive Allocation paid by a Client to the Adviser.

Clients, Related Clients, Two Sigma Affiliates, and Certain Adviser or Two Sigma Affiliate personnel (collectively “**Investing Parties**”), invest in a broad range of asset classes throughout the corporate capital structure. These investments may include loans and debt instruments, preferred equity securities and common equity securities. Clients from time to time make investments in conjunction with an investment being made by any such other Investing Parties or make investments in portfolio companies in which any such other Investing Parties have already invested

From time to time, Investing Parties may be presented with separate investment opportunities in the same portfolio company, which may be in the same or different securities and/or in different or overlapping levels of such portfolio company’s capital structure. As a result, two or more Investing Parties may hold or acquire investments in the same portfolio company, including where such investments are made at different times or in proportions that differ from pre-existing ownership percentages. Conflicts of interest will arise in connection with making, holding and disposing of such investments, including, without limitation, with regard to valuation and terms of investment, exit timing and other matters. For example, if one or more Investing Parties invests in a portfolio company of other Investing Parties at a higher implied valuation than the valuation implied by the financing round in which the initial Investing Parties participated, such subsequent financing round may significantly delay exit opportunities for the Investing Parties with the preexisting investment and may incentivize the Adviser to cause such a Client to hold the securities of such portfolio company for a longer period than it otherwise would. Even if investments by two or more Investing Parties are made at the same time and in the same proportions, and in the same security types, conflicts may arise because of different liquidity needs and different time horizons among such Investing Parties.

In some cases, preemptive rights, rights of first refusal, co-sale rights or other similar rights with respect to a portfolio company held by a Client that has an investment in such company may be exercised by or for the benefit of another Investing Parties that has also invested, or is then investing, in such company.

A Client may invest in securities of a portfolio company that are of a different type or that have different rights than the securities of such portfolio company that are held by other Investing Parties. As a result, the interests of a Client in respect of such portfolio company may not be aligned in all circumstances with the interests of other Investing Parties that have invested in such portfolio company, particularly to the extent that one of the Investing Parties holds more junior debt or equity interests relative to the interests held by the other Investing Parties which could create actual or potential conflicts of interest or the appearance of such conflicts. Such conflicts or potential conflicts are particularly acute if the portfolio company experiences financial distress. Actions may be taken by one or more Investing Parties with respect to a portfolio company that are adverse to one or more other Investing Parties. In certain cases, an investment by one or more Investing Parties in a portfolio company held by one or more other Investing Parties may preclude or limit the exercise of rights by the Investing Parties with the existing investment in respect of such company. In addition, investments by multiple Investing Parties in a single portfolio company will also raise the overall risks associated with using assets of Investing Parties to support positions taken by other Investing Parties, or that one or more Investing Parties may remain passive in a situation in which they are otherwise entitled to vote.

The involvement of separate Investing Parties at both the equity and debt levels of a portfolio company could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. Similarly, the Adviser's ability to implement a Client's strategy effectively will be limited to the extent that contractual obligations entered into in respect of the activities of other Investing Parties impose restrictions on such Client engaging in transactions that the Adviser may be interested in otherwise pursuing.

The foregoing conflicts of interest may be more pronounced in the case of financial distress of a portfolio company of more than one Investing Parties. For example, if such portfolio company requires additional financing as a result of financial or other difficulties, it may not be in the best interests of a Client that holds senior secured debt issued by such portfolio company to provide such additional financing. Such Client may take actions in its own interests with respect to its rights as a creditor (for example, with respect to breaches of covenants) that may be adverse to the interests of a Client holding more junior debt or equity securities. The Client holding more junior debt or equity securities of such portfolio company may be at risk of suffering losses in respect of its investments as a result of such portfolio company's financial difficulties if such company is not able to secure additional financing. In such cases, each Client will supply additional capital in such amounts, if any, as determined by the Adviser in its discretion based on the interests of such Client, but the ability of the Adviser to recommend or take actions in the best interests of the Clients holding more junior debt or equity securities may be impaired by the overlapping investments of other Investing Parties.

In certain cases, one or more Investing Parties may have control of (or a material influence on) the management of a portfolio company in which more than one Investing Parties hold an investment, such as where one or more Investing Parties is a controlling shareholder of a portfolio company in which other Investing Parties hold an interest, or is a minority shareholder with the ability to control financing and exit transactions as a result of certain minority shareholder protections. In such cases, the Adviser and/or its affiliates are likely to have the ability to determine (or significantly influence) the outcome of all matters requiring board of directors and/or stockholder approval, including matters relating to a change of control of such company, a change in the composition of such company's board of directors and any acquisition of such company. As a result, the interests of the applicable Investing Parties with respect to the management, investment decisions or operations of the applicable portfolio company may at times be in direct conflict with each other, and the Adviser may face actual or apparent conflicts of interest in exercising control over such portfolio company.

It is possible that, in a bankruptcy proceeding, a Client's interests may be subordinated or otherwise adversely affected by virtue of other Investing Parties' involvement and actions relating to their investment. This may result in a loss or substantial dilution of a Client's investment, while another one or more Investing Parties recovers all or part of its investment or other amounts in respect of such portfolio company.

Furthermore, there can be no assurance that the terms of, or the returns on, a Client's investment in a portfolio company will be equivalent to, or better than, the terms of or the returns obtained by, the other Investing Parties that may be invested in such portfolio company.

Where more than one of the Clients or Related Clients holding similar securities of the applicable company are invested in the same company, the Adviser and its affiliates will allocate disposition opportunities with respect to such company among such Client(s) or Related Clients in their sole discretion, taking into account such factors that the Adviser and its affiliates deem relevant under the circumstances, including, without limitation: the relevant provisions in agreements related to the applicable clients' investments in the portfolio company (such as "tag-along" or "piggy-back" rights); the applicable clients' respective levels of

ownership of such portfolio company; the amount of gain (or loss), realized and unrealized, on each applicable client's investment in the portfolio company at the time of such disposition opportunity; liquidity needs for each applicable client and the investment cycle of each applicable client; respective holding periods for the investment of each applicable Client; the nature of the investment and the disposition opportunity, including the size of the opportunity; current and anticipated market conditions; tax, legal or regulatory considerations; and such other factors that the Adviser considers to be relevant. In some cases, disposition opportunities may be relevant for certain types of securities of the applicable portfolio company held by certain Clients but not for other types of securities of such portfolio company held by other Clients.

The Adviser and/or its affiliates also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by a Client or other investment vehicles advised by the Adviser and/or its affiliates. Conversely, former personnel or executives of the Adviser and/or its affiliates from time to time serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest. As such persons are no longer employees or affiliates of the Adviser, any compensation received from the portfolio company with respect to such role does not offset the Management Fee. Similarly, the Adviser, its affiliates and/or personnel maintain relationships (which may include familial relationships) with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, lenders and brokers. Certain of these persons or entities may invest (or will be affiliated with an Investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates, and/or a Client or other investment vehicles they advise. The Adviser may have a conflict of interest with a Client in recommending the retention or continuation of a third-party service provider to a Client or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in a Client, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Client, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Client.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and the Two Sigma Affiliates from time to time buy or sell securities or other instruments that the Adviser has recommended to a Client. In addition, Two Sigma Affiliates or their officers, principals and employees may buy securities in transactions offered to but rejected by a Client. A conflict of interest may arise because the Adviser, its affiliates or Adviser personnel, as applicable, will, for some investments purchased or sold by them, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of a Client. In such circumstances, the Adviser, its affiliates or such Adviser personnel will not share with, or reimburse the relevant Client(s) or the Adviser for, any expenses incurred in connection with the investment opportunity. Such transactions are subject to the policies and procedures set forth in the Code. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of a Client. Employees and related persons of the Adviser have, and are expected to continue to have, capital investments in a Client, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Certain expenses are paid for by a Client and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Client and/or its portfolio companies. This subjects the Adviser to conflicts of interest because the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses. Similarly, investment opportunities may be shared among the Adviser and the Two Sigma Affiliates, including their respective clients and on a proprietary

basis; the allocation of associated expenses may not in each instance reflect the relative benefits to the participating Investors.

Subject to any requirements set forth in the Governing Documents of a Client, from time to time, the Adviser may sell all or a portion of certain of a Client's investments to one or more Investors in such Client or another Client. The Adviser will select the purchaser(s) of such investments considering factors it determines to be relevant in its sole discretion. The sales price obtained in such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transactions or to seek the highest available price, it will first determine that such transaction is in the best interests of the selling Client, taking into account the sales price, the other terms and conditions of the transaction and other factors it determines to be relevant under the circumstances. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the selling Client.

In connection with a co-investment opportunity, the general partner of a Client, in its discretion, may sell an interest in one or more of the applicable Client's portfolio companies to one or more co-investors (i.e., a post-closing sell-down). Subject to the Governing Documents of the applicable Client, the Adviser may decide not to charge a co-investor for any applicable interest costs associated with the time elapsed between the closing of such Client's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable Co-Investor. In addition, the Adviser is not be obligated to, and may determine not to, charge a Co-Investor for any fees or expenses incurred by a Client in respect of a co-investment opportunity that was acquired by such Client and subsequently sold to such co-investor.

Co-Investments. The Adviser may, as permitted and governed by a Client's Governing Documents, but otherwise in its sole discretion, provide or commit to provide co-investment opportunities to one or more Investors and/or other persons including affiliates or employees of the Adviser or its affiliates (including any Opportunity Funds), in each case on terms to be determined by the Adviser in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the Adviser in its sole discretion, may not be in the best interests of a Fund or any individual Investor. In exercising its sole discretion in connection with such co-investment opportunities, the Adviser may consider some or all of a wide range of factors, which may include factors which benefit the Adviser such as the likelihood that an Investor may invest in a future fund sponsored by the Adviser or the Two Sigma Affiliates.

Co-investment opportunities may, and typically will, be offered to some and not to other Investors, and may be offered to Adviser personnel (or personnel of Two Sigma Affiliates) and/or third parties to the exclusion of Investors. When and to the extent that employees and related persons of the Adviser make capital investments in or alongside a Client, the Adviser is subject to conflicting interests in connection with these investments. The Adviser's allocation of co-investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. Furthermore, to the extent a co-investment opportunity is allocated to third party co-investors, none of the Clients or the Adviser will generally be compensated by the third party co-investors for the time and effort involved in identifying any such co-investment opportunity nor would such third party co-investors be obligated to reimburse the Clients or the Adviser for any transaction fees or expenses incurred in connection with such co-investment opportunity.

Additionally, from time to time, one or more companies related to the portfolio investments of one Client are likely in the future to warehouse or otherwise sell assets to one or more companies related to the portfolio investments of another Client. Such transactions present potential conflicts of interest, including with respect to the determination of the sale price and the terms of such transactions. Depending on the terms of the transaction and the nature of the assets being sold, the consent of the Investors in the applicable Client(s) may not be required or obtained.

Co-investments may be made directly in the applicable portfolio company or companies or through co-investment vehicles. The Adviser or its affiliates may, but are not required to, receive Management Fees, Carried Interest or other compensation in connection with such co-investments, the terms of which may differ from the terms of the applicable Client(s) and/or from the terms of other co-investment vehicles, as applicable, with regard to such matters and/or may differ among co-investors in a particular co-investment vehicle. Any such fees, Carried Interest or other compensation will not offset the Management Fee payable by any Client or otherwise benefit any Client or its Investors. Non-binding acknowledgments of interest in co-investment opportunities (including, but not limited to, in side letters) do not require the Adviser to notify recipients of such acknowledgments in the event a co-investment opportunity arises. In certain cases, the Adviser has granted certain Investors priority rights to co-invest in certain opportunities. Such priority rights mean that there could be fewer opportunities for other Clients or co-investors to co-invest alongside the relevant Client.

If the Adviser has determined that a co-investment opportunity may be available, it considers on a case-by-case basis in its discretion how to allocate such opportunity taking into account various factors at the Adviser's discretion.

In the event that the Adviser expected to include co-investors in a particular transaction but is not successful in offering such co-investment opportunity to co-investors, in whole or in part, a Client may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make such Client more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect to the applicable portfolio company, and which would also reduce such Client's ability to take advantage of other attractive investment opportunities or provide additional capital to support its other portfolio companies.

Management of the Clients. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the Clients. Allocation of available investment opportunities between the Clients and any such investment fund could give rise to conflicts of interest. See "***Allocation of Investment Opportunities Among Clients***" above. The Adviser may give advice or take actions with respect to, the investment of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives or strategies. As a result, Clients with similar strategies may not hold the same securities or achieve the same performance.

The Clients may enter into borrowing arrangements that require the Clients to be jointly and severally liable for the obligations. If one Client defaults on such arrangement, the other Clients may be held responsible for the defaulted amount. The Clients will only enter into such joint and several borrowing arrangements when the Adviser determines it is in the best interests of the Clients.

Allocation of Follow-on Investment Opportunities. To the extent required in a Client's Governing Documents, and subject to any specific provisions in the Governing Documents, the Adviser will consider follow-on investment opportunities in a particular portfolio company on a priority basis for the Client(s) that has an existing investment in such portfolio company. To the extent that there is additional capacity in a follow-on investment opportunity after it is considered for the Client(s) with an existing investment in

the company, the Adviser may offer such opportunity to other Clients or co-investors. For some Clients, subject to exceptions set forth in such Clients' Governing Documents, an initial investment in a company in which another Client has an existing investment is, in many cases, subject to the consent of the advisory committee, if any, of either or both of such Clients.

Follow-on investment opportunities may present other conflicts of interest for the Adviser, including determination of the terms of the new round of financing. In some cases, a Client (including a co-investment vehicle) participating in a follow-on investment may be allocated certain investment amounts by nature of another Client's pro rata ownership in the applicable portfolio company to the extent the latter Client has preemptive rights, rights of first refusal or similar rights in connection with its investment in such portfolio company. In addition, a Client may participate in recapitalization transactions involving portfolio companies in which another Client has already invested or will invest. Conflicts of interest arise in connection with the foregoing scenarios, including in regard to determinations of whether existing Investors (which may include a Client) are disposing of their investment in a portfolio company at a price that is higher or lower than market value and whether new Investors (which may include another Client) are paying too much or too little for securities of a portfolio company or purchasing portfolio company securities with terms that are more or less favorable than prevailing market terms.

The interests of some or all of the Investors in a Client also conflict with the interests of such Client's general partner with regard to such matters. The conflicting interests of the Investors in a Client may relate to or arise from, among other things, the nature of investments made by such Client, the structuring or acquisition of investments, the timing of disposition of investments and, in the case of the Investors and overlapping investments between certain Clients, not all Investors may be investors in, or have proportionate exposure to, each of such Clients. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser and its affiliates, including with respect to the nature, structuring or disposition of investments that may be more beneficial for some Investors in a Client than for others or more beneficial for the Adviser and its affiliates, particularly with respect to Investors' individual tax situations. In selecting and structuring investments appropriate for a Client, the Adviser and its affiliates will not consider the investment, tax or other objectives of any Investor in such Client individually, except as otherwise required by the applicable Governing Documents (including provisions related to avoiding "unrelated business taxable income" or "effectively connected income") or side letters entered into with Investors in such Client. A Client's general partner may also consider the tax objectives of such general partner and its partners or members.

Cross-Transactions. From time to time, a Client may purchase securities of one or more companies from another Client, or may sell securities of portfolio companies to another Client. Such a transaction entails a conflict of interest because the Adviser or an affiliate thereof acts for both the buying Client and the selling Client and may have an incentive to improve the performance of one Client (for example, by selling an underperforming asset to another Client in order to increase the Carried Interest payable to the Adviser or its affiliates by the selling Client). In addition, by not exposing a transaction of this nature to market forces, a selling Client may not receive the best price otherwise possible.

Principal Transactions. Section 206 under the Advisers Act regulates principal transactions between an investment adviser (like the Adviser) or certain of its affiliates, on the one hand, and the clients thereof (like the Clients), on the other hand. Generally, if an investment adviser proposes to purchase a security from, or sell a security to, a client (in what is commonly referred to as a "principal transaction"), such adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. Subject to the requirements of Section 206 of the Advisers Act and any other requirements of the Governing Documents, the Adviser and its affiliates may occasionally engage in principal transactions with the Clients in connection with the Adviser's management of the Clients. The Adviser has established certain policies and procedures designed to comply with the requirements of the

Advisers Act as they relate to principal transactions, including that disclosures regarding any proposed principal transactions be made in accordance with Section 206 of the Advisers Act, and that the requisite advance consent to the transaction is received prior to consummating such a transaction.

Other Activities of the Adviser Personnel. The Adviser personnel who are responsible for managing a particular Client will devote such time as is necessary to conduct the affairs of the Clients in an appropriate manner. However, it is expected that the employees of the Adviser and the Adviser personnel will be engaged in other activities unrelated to the a particular Client, including making and supervising investments of other Clients and future Clients formed by the Adviser or its affiliates, to the extent not restricted by a Client's Governing Documents, each of which may have similar or overlapping investment objectives. Conflicts of interest arise in allocating time, services, resources, or investment opportunities among the investment activities of the Clients and any other funds. Certain Adviser personnel are also expected to devote time to activities or endeavors outside of the Clients including, without limitation, managing personal or family investments and attending to charitable, community endeavors or investment industry-related endeavors. This may create conflicts of interest in providing advice and recommendations with respect to investments to the Clients.

In certain instances, based upon the needs of a portfolio company and the desire of one or more employees of the Adviser to further his or her professional development by working for a portfolio company, such employee of the Adviser may decide to become an employee of such portfolio company, in which case, such employee of the Adviser would devote all or a substantial portion of his or her business time to the activities and operations of a portfolio company (and would typically cease to be an employee of the Adviser). As an employee of a portfolio company, such person would receive some or all of their compensation (including salary, bonus, equity and benefits) from such portfolio company, without a corresponding Management Fee reduction. Because the operating costs of a portfolio company are generally funded out of proceeds received from investments by a Client, such Client would then indirectly be funding some or all of the compensation and compensation-related expenses of such employee (or former employee) of the Adviser while such person is being paid by such portfolio company. In addition, certain of such employees (or former employees) providing services to a portfolio company may receive equity or a "profits interest" that entitles such person to a percentage of the applicable Client's profits on a particular portfolio investment. Any amounts payable to such an employee (or former employee) of the Adviser in respect of his or her equity in a portfolio company, including a "profits interest" would reduce the returns to the applicable Client with respect to the applicable portfolio company investment.

In addition, subject to the Adviser's policies, the Adviser's employees may also buy securities in other unaffiliated investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles), which may include potential competitors of the Clients. While such an investment may create a conflict of interest (for instance, not bringing an investment opportunity to a Client if there is a greater financial incentive to see the competitor fund make such an investment), the significant interests of the Adviser's employees in the Clients and their general partners (including economic interests) generally provide a stronger alignment with the Clients' interests in this regard. Furthermore, the Adviser, its affiliates and certain of its employees and their relatives invest (directly or indirectly) in the Clients and therefore may have additional conflicting interests in connection with these personal investments. While the significant interests of the employees of the Adviser in the overall performance of the Clients generally aligns the interest of such persons with the Clients, such persons may have differing interests from the Clients with respect to such personal investments (for example, with respect to the availability and timing of liquidity).

Movement of Executives and Entrepreneurs among Portfolio Companies. In certain situations, an entrepreneur or portfolio company executive may decide to leave a portfolio company of a Client to join (or otherwise provide services to) another current or prospective portfolio company of such Client or

another Client. In such instances, the business and operations of the portfolio company from which the individual departed (and, as a result, the performance of the applicable Client invested in such portfolio company) could be negatively affected as a result of such individual's departure from such portfolio company. In the event an entrepreneur or executive leaves a portfolio company of one Client to join a portfolio company of a different Client, one Client may benefit to the detriment of the other Client.

Use of Portfolio Company Data. The Adviser and its affiliates receive and generate various kinds of portfolio company data and other information, including data and information related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of a Client's investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser may in the future enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. The Adviser may, in certain instances, use this information in a manner that may provide a material benefit to the Adviser, its affiliates or certain other Clients without compensating or otherwise benefitting the Client(s) that hold interests in the companies from which such information was obtained. In addition, the Adviser may have an incentive to cause the Clients to pursue investments in portfolio companies based on the data and information expected to be received or generated as a result thereof. The Adviser may use such information to benefit the Adviser, its affiliates or certain Clients in a manner that may otherwise present a conflict of interest and does not intend to specifically disclose such conflicts to the applicable Clients.

Adviser Use of Portfolio Company Products and Services. The Adviser and its affiliates generally may, in their discretion, contract with any related person of the Adviser and its affiliates (including but not limited to a portfolio company of a Client) to perform services for the Adviser in connection with its provision of services to a Client. When engaging a related person to provide such services, the Adviser and its affiliates will have an incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. The Adviser and its affiliates and related persons have in the past and may in the future, in certain instances and subject to the Adviser's policies, receive discounts on products and services provided by portfolio companies of the Clients or the customers or suppliers of such portfolio companies. The potential for the Adviser and its affiliates and related persons to receive such economic benefits may create conflicts of interest as the Adviser may have incentives to cause the Clients to invest in portfolio companies that provide such benefits, and such discounts could adversely affect such portfolio company's profitability.

Portfolio Company Directorships and Other Roles. Adviser personnel from time to time serve on the boards of directors of portfolio companies and other companies. Adviser personnel are expected to also serve as directors, and may serve as interim executives, of or otherwise be associated with companies (including but not limited to portfolio companies of one or more other Clients) that are competitors of certain portfolio companies of a Client. As a result, such individuals will be subject to fiduciary and other obligations to make decisions that they believe to be in the best interests of the applicable company for which they serve as directors or interim executives. Although in most cases involving a portfolio company, given that a Client would generally be a significant investor in such companies, the interests of a Client and its portfolio companies will be aligned, this may not always be the case, particularly if a portfolio company is in financial difficulty. Generally, the interests of a competitor company would not be expected to be aligned with those of a Client or such Client's portfolio companies. This may result in a conflict between the relevant person's obligations to the company for which such person serves as a director or interim executive and its various stakeholders, on the one hand, and the interests of the applicable Client(s), on the other hand. Such conflict may be addressed to the detriment of the applicable Client(s).

Transactions between Portfolio Companies. Portfolio companies of different Clients may engage in commercial transactions (including mergers and acquisitions) with one another from time to time as they determine to be appropriate in their business judgment. The Adviser anticipates that material transactions between portfolio companies generally would be on arm's-length terms or on terms otherwise considered equitable to both companies under the circumstances. However, such transactions could benefit the portfolio company of one Client (and, therefore, indirectly such Client) more than the portfolio company of the other Client (and, therefore, indirectly such other Client).

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Clients have invested, there are, from time to time, situations when the Adviser is in the position of recommending the products or services of a portfolio company of a Client to other portfolio companies of such Client or portfolio companies of another Client, which may involve fees, commissions, servicing payments or discounts to the Adviser, an affiliate of the Adviser or a portfolio company. The Adviser will face a conflict of interest in making such recommendations in that it has an incentive to maintain goodwill between it and the existing and prospective portfolio companies of the Clients, while the products or services recommended may not necessarily be the best available to other portfolio companies. Although use of any such products or services by a portfolio company of a Client would be the portfolio company's choice, such Client's portfolio companies may nevertheless be conflicted in their choice of vendors and might select the other portfolio company when there may be better or cheaper products or services offered by unrelated companies. The benefits received by a portfolio company of one Client regarding a product or service may be greater than those received by the portfolio company of another Client regarding such product or service.

Service Providers. Services required by a Client (including some services historically provided by the Adviser or its affiliates to the Clients) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Adviser or its affiliates. This can create a conflict of interest because the Adviser and its affiliates have an incentive to outsource such services at the expense of the Clients to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Clients and accordingly, certain costs may be incurred by a Client for a third-party service provider that is not incurred for comparable services by other Clients. The decision by the Adviser to initially perform a service for a Client in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and the Adviser has no obligation to inform such Clients or investors of such a change. In addition, certain internal service providers (such as internal accountants) may "shadow" or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the relevant Clients.

Incidental Benefits. The Adviser and Adviser personnel are expected to receive certain benefits or perquisites arising or resulting from their activities on behalf of the Clients that will neither offset any Advisory Fees payable by the Clients nor otherwise be shared with the Clients, Investors and/or portfolio companies of the Clients. For example, expenses associated with airline travel or hotel stays that are borne by the Clients typically generate cash rebates, "miles," credit card "points" or credit in loyalty or status programs, and such benefits and/or amounts will (whether or not *de minimis* or difficult to value) inure exclusively to the Adviser and/or Adviser personnel (and not the Clients or the Investors and/or portfolio companies of the Clients), even if expenses that generated such benefits were borne by the Client(s) and/or their portfolio companies. Such rewards and/or amounts will exclusively benefit the Adviser and/or such

personnel and will not be subject to the offset arrangements described above or otherwise shared with such Client, its Investors and/or the portfolio companies.

Certain Advisory Committee Consents. Many of the Clients have established an advisory committee consisting of representatives of a limited number of Investors in the applicable Client. Certain transactions by a Client that would otherwise be prohibited by its Governing Documents, including certain transactions that involve potential conflicts of interest between such Client, on the one hand, and other Clients or the Adviser or its affiliates, on the other hand, may be effected with the consent of such Client's advisory committee. Additionally, the Adviser may notify, consult with, or seek the consent of the applicable Client's advisory committee for certain transactions that involve potential conflicts of interest, but for which such notice, consultation or consent is not otherwise required by the applicable Governing Documents. Some or all of the members of a Client's advisory committee will likely also be on the advisory committee of the other Clients with which there is a potential conflict, or will likely represent Investors that have an interest in both of the Clients involved in such conflict of interest. There is often significant overlap between the members of the advisory committee for a Client and the members of the advisory committees of other Clients. Such overlapping advisory committee members are not precluded from participating in discussions with respect to, or from voting on, such transactions that involve potential conflict of interests, including between such Clients.

In addition, the advisory committee of a Client will not represent the interests of all of the Investors in such Client, each member of the advisory committee may act in the interests of the Investor with which it is associated, and the members of the advisory committee may themselves be subject to various other conflicts of interest, which may influence their decisions on matters presented to the advisory committee. For example, a member of an advisory committee may be associated with an Investor that is (or an affiliate of which is) a participant in a transaction that is subject to the consent of a Client's advisory committee or a member or its associated Investor may have separate business or personal relationships with the Adviser, its affiliates or Adviser personnel. A member of an advisory committee who is, or who is associated with an Investor that is, subject to a conflict of interest with respect to a matter brought before such advisory committee or arising out of another business or personal relationship with the Adviser, its affiliates or Adviser personnel will not be prohibited from participating in discussions with respect to, or from voting on, matters brought to such advisory committee. In general, the Investors in a Client will not be entitled to control the selection of members of such Client's advisory committee or to review the actions or deliberations of such Client's advisory committee.

Side Letters; Organizational Document Conflicts. The Adviser often enters into certain side letter arrangements with certain Investors in a Client providing such Investors with different or preferential rights or terms that are not made available to Investors in such Client generally and which may, in certain instances, include, without limitation: different fee structures and other preferential economic rights; information and reporting rights; excuse or exclusion rights; waiver of certain confidentiality obligations; co-investment rights; certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular Investor; additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular Investor; special consent rights; and liquidity or transfer rights. Except as otherwise agreed with an Investor in a Client, the Adviser is not required to disclose the terms of side letter arrangements with other Investors in the same Client.

The Governing Documents of a Client establish complex arrangements among such Client, the other Clients, the Adviser, Investors in the Clients and other relevant parties. From time to time, questions will arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of an Organizational Document may be broad, unclear, general, conflicting, ambiguous or vague

and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions of the Governing Documents in good faith and in a manner consistent with its legal obligations, the interpretations used may not be the most favorable to the applicable Client or its Investors.

Any of the situations described above will subject the Adviser and/or its affiliates to potential conflicts of interest. As the businesses of the Adviser and the Two Sigma Affiliates evolve, new and other potential conflicts may also arise which cannot be predicted at this time. To the extent that an investment, proposed transaction or other relationship presents a material conflict of interest, the Adviser will review the particular facts and circumstances of such investment, proposed transaction or relationship with a view towards addressing such conflicts in a manner consistent with applicable law which may be further specified in the Adviser's policies and procedures developed for such purpose.

Item 9. Disciplinary Information

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this brochure.

Item 10. Other Financial Industry Activities & Affiliations

In addition to the Adviser, Two Sigma Affiliates include four investment advisers registered with the SEC: TSI, Sightway Capital, LP (“**Sightway**”), Two Sigma Advisers, LP (“**TSA**”) and Two Sigma Investor Solutions, LP (“**TSIS**”), as well as one broker-dealer registered with the SEC, Two Sigma Securities, LLC (“**TSS**”).

TSI, a Delaware limited partnership, manages third party and proprietary private investment funds. Sightway, a Delaware limited partnership, provides investment advisory services to one or more investment funds privately offered to qualified investors in the United States and elsewhere. TSA, a Delaware limited partnership, manages third party private investment funds and provides advisory services to certain separately managed accounts. TSIS, a Delaware limited partnership, provides non-discretionary investment advice to institutional clients and operates a private, web-based platform that provides institutional subscribers with access to analytic and research tools and data to help such subscribers manage their investment programs. The brochures for each of TSI, Sightway, TSA and TSIS are available through the SEC’s Investment Adviser Public Disclosure website.

TSI and TSA are each registered as both a commodity pool operator and a commodity trading adviser with the CFTC under the Commodity Exchange Act. Additionally, TSIS is registered as a commodity trading adviser with the CFTC under the Commodity Exchange Act. TSS is a member of FINRA and a number of other self-regulatory organizations and exchanges.

The Adviser and certain of its related persons are affiliated with and/or own interests in TSA, TSI, Sightway, TSIS or TSS.

TSI provides various services to the Adviser, including, but not limited to: operations; administrative, legal, technical, human resources and clerical services (e.g., finance, treasury, accounting, tax,, business management, data procurement support and cleansing, engineering and modeling, legal and compliance, workplace services staff, recruiting and human resources and marketing and sales support); access to technology equipment and office facilities; maintenance and support services; and other related and miscellaneous services. All personnel of the Adviser are also employed by TSI.

Finally, certain related persons of the Adviser are affiliated with and/or own interests in entities created by the Adviser, which may be entitled to receive the performance-based compensation from such Client as discussed in “**Item 5. Fees and Compensation**” hereof.

The Adviser’s affiliation with the Two Sigma Affiliates creates certain conflicts of interests as further described in “**Item 8. Methods of Analysis, Investment Strategies & Risk of Loss – F. Conflicts of Interest.**”

Item 11. Code of Ethics, Participation or Interest in Fund Transactions & Personal Trading

The Adviser has adopted a Code of Ethics (the “**Code**”) and certain other policies and procedures that obligate the Adviser and its supervised persons to act honestly and fairly in all respects in their dealings with a Client. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. The Adviser will supply a complete copy of its Code to a Client or prospective Client or any Investor or prospective Investor in a Client who requests a copy of the Code by contacting Scott Hendry, by email at scott.hendry@twosigma.com or by telephone at (646) 690-9612.

The Adviser and its related persons may effect transactions for their own accounts in the same securities or other securities purchased and sold for a Client.

To ensure trading by the Adviser’s supervised persons is conducted (i) in a manner that does not adversely affect the Adviser’s trading on behalf of a Client and (ii) in a manner that is consistent with the fiduciary duties owed by the Adviser to a Client, the Adviser has adopted the Code and attendant policies and procedures governing, among other things, transactions by the Adviser’s supervised persons and other “covered persons” (as defined below). The Code and attendant policies and procedures contain provisions designed to, among other things, (a) prevent improper personal trading by the Adviser’s supervised persons and other covered persons; (b) identify actual or potential conflicts of interest; and (c) provide guidance in resolving certain actual or potential conflicts of which the Adviser is aware. To accomplish these objectives the Adviser is required under the Code and attendant policies and procedures to, among other things (1) require pre-clearance of personal trades in “reportable securities” (as defined in the Code) by the Adviser’s supervised persons and other covered persons; (2) restrict the number of such trades by the Adviser’s supervised persons and other covered persons in a given month; (3) prohibit certain trading by the Adviser’s supervised persons and other covered persons in securities of issuers listed on the applicable “restricted lists” (as defined in the Code); and (4) require minimum holding periods in connection with certain transactions.

The Adviser and its affiliates engage in principal transactions from time to time. For example, in the past an affiliate of the Adviser has sold an investment to a Fund. Such transactions may constitute “principal transactions” within the meaning of Section 206(3) of the Advisers Act as the affiliate of the Adviser will be acting as principal for its own account with respect to the purchase or sale of a security to or from such Fund. When the Adviser and/or its affiliates engage in such transactions, the Adviser seeks to effect any such transaction in accordance with the requirements of Section 206(3) of the Advisers Act.

The Adviser has also adopted policies and procedures regarding the receipt of gifts and business entertainment by the Adviser’s employees from certain third parties (*e.g.*, vendors, broker-dealers, consultants, etc.). Specifically, these policies and procedures require employees to report the receipt of gifts and business entertainment in excess of pre-established *de minimis* thresholds. The Adviser reviews these reports for any potential conflicts of interest with respect to individual instances of gifts or business entertainment, as well as patterns of the same over time, to seek to prevent potential conflicts of interests.

The Code and the Adviser’s other policies and procedures also address the following key areas: (i) recordkeeping; (ii) oversight of the Code; (iii) conflicts of interest; (iv) the treatment of confidential information; (v) compliance with SEC rules and regulations; (vi) reporting misconduct; and (vii) outside activities. Periodic training regarding the Code and the Adviser’s other policies and procedures are provided to the Adviser’s supervised persons. Policies and procedures related to, among other things, “pay-to-play” rules, gifts and business entertainment and outside business activities are located in the Adviser’s compliance manual.

The Adviser may come into possession of certain information that it believes to be confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser may receive such information directly as a result of its investment advisory activities for a Client, indirectly as a result of its relationship with affiliates including, but not limited to, TSA, TSI, Sightway, TSIS and TSS, or through other activities such as strategic partnership negotiations or an employee's board or creditor committee service. The Adviser will have no responsibility or liability to a Client for not disclosing such information to a Client (or the fact that the Adviser possesses such information), or not using such information for a Client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law. Furthermore, a Client would be limited in its ability to make investments, and to sell existing investments, in public securities if the Adviser has material, nonpublic information regarding the issuers of those securities or as a result of other internal policies. The inability to acquire or sell public securities in these circumstances could materially adversely affect the investment results of the Client.

The Adviser's advisory affiliates are permitted to engage in transactions for their own accounts and engage in personal transactions in which a Client invests in accordance with the Code. These activities create conflicts of interest between the Adviser's advisory affiliates and a Client with regard to such matters as allocation of opportunities to participate in, or refrain from participation in, particular transactions.

There are additional actual and potential conflicts of interest inherent in the organizational structure and operation of the Adviser and its affiliates, certain of which are described above under ***"Item 8. Methods of Analysis, Investment Strategies & Risk of Loss."***

The Code contains provisions designed to prevent improper personal trading by the Adviser's supervised persons. Pursuant to the Code, all of the Adviser's "access persons" (e.g., any partner, officer, director, member, or employee of the Adviser) and "covered persons" (e.g., any such access person's spouse, immediate family members, any person to whom an access person provides primary financial support, partnerships and corporations in which access persons maintain a certain level of beneficial interest, and any person with whom access persons share common financial support) must obtain pre-approval prior to trading a reportable security as defined under Rule 204A-1 and the Rules and Regulations promulgated under the Advisers Act, unless such person has a managed account with an independent adviser who has discretionary investment authority. The Adviser's access persons and covered persons are prohibited from trading securities on any applicable restricted list, and generally are prohibited from participating in "new issues." Short selling is prohibited. The Adviser's current personal trading policies limit the brokers that supervised persons can use for personal trading. All investment accounts and positions in reportable securities need to be disclosed upon joining the Adviser, and duplicate copies of brokerage account statements or their electronic equivalent generally must be sent to the Adviser's compliance group.

Item 12. Brokerage Practices

The Adviser focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions in which the services of a broker-dealer are unlikely to be retained. However, the Adviser may distribute securities to Clients and Investors in a Client, or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Adviser does not regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Adviser sells publicly traded securities for a Client, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) margin requirements and (v) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on Client transactions may be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception.

In the Adviser’s private company securities transactions on behalf of a Client, the Adviser is not generally expected to but may retain one or more broker-dealers or investment banks, the costs of which will be borne by such Client and/or its portfolio companies. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and a Client may not pay the lowest commission or fee for such services.

Item 13. Review of Accounts

The investments made by Clients are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors companies in which Clients invest, and such companies are subject to supervision and review by the Adviser's investment professionals.

A Client and Investors in Fund Clients generally will receive annual audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles, quarterly unaudited financial statements and any other periodic reports described in the offering or Governing Documents of the Fund.

Item 14. Client Referrals & Other Compensation

The Adviser and/or its affiliates may provide certain business or consulting services to companies in a Client's portfolio and may receive compensation from these companies in connection with such services.

From time to time, the Adviser enters into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an Investor in a Client. Any fees payable to any such placement agents will be borne by the Adviser indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Client(s). In addition, in accordance with applicable law, the Adviser compensates certain third parties for assistance in connection with soliciting investors in one or more non-U.S. jurisdictions.

The Adviser has developed relationships with certain third-party investment consultants ("**Investment Consultants**") that are neither affiliated with nor compensated by the Adviser. Investors and prospective investors in the Funds retain these same Investment Consultants from time to time to advise them on the selection and review of investment managers and investment products, including in respect of the Adviser and its Funds. Such Investment Consultants do not act on behalf of the Adviser, and their services are generally outside the scope of any offering of securities by the Adviser and/or its Funds. Furthermore, the Adviser does not participate in the advisory services offered by such Investment Consultants to their clients and generally seeks to ensure that the Funds and Investors rely solely on the applicable offering memorandum, investment management agreement, limited partnership agreement, subscription agreement or prospectus and supplemental disclosure document.

Item 15. Custody

Item 15 is not applicable.

Item 16. Investment Discretion

The Adviser has discretionary authority to manage investments on behalf of a Client pursuant to the terms of the Governing Documents executed by Clients and the Investors of a Fund Client. As a general policy, the Adviser does not allow Clients to place limitations on this authority.

Item 17. Voting Client Securities

Where the Adviser votes proxies regarding a Client's investments, it does so in accordance with adopted policies and procedures and in what it believes is the best interest of the Client. Because few, if any, of the Clients' investments are in publicly traded securities, the Adviser does not receive a large number of proxy solicitations in connection with such securities, and the proxy solicitations it does receive are generally of a bespoke nature.

In addition to proxy solicitations in connection with the equity securities of traditional public operating companies, "voting client securities" is deemed to include similar consents regarding private companies and consents requested in matters concerning a Client's investment. This includes, but is not limited to, bankruptcy or insolvency, covenant waivers in connection with debt, approvals regarding the restructuring of debt and other rights and remedies with respect to securities. In such instances, the Adviser will vote proposals, as well as amendments, consents or resolutions relating to a Client's securities (including interests in private investment funds) in a manner that it believes is in the best interest of the pertinent Client. In some circumstances, the Adviser will refrain from voting Client securities where the Adviser believes that voting on such matters would not otherwise impact the value of the investment, or would not be consistent with the best interest of the particular Client. In such instances, the Adviser will take into consideration (among others) the cost of voting the securities, the anticipated benefit to the pertinent Client, and whether that Client continues to hold the securities on the voting date.

If a material conflict of interest between the Adviser and a Client exists regarding the voting of Client securities, the Adviser will take reasonable steps to address the conflict, including consulting with outside counsel as the Adviser, in its sole discretion, determines necessary or advisable to ensure that the conflict does not influence the decision to vote in a manner that is not in the best interest of the Adviser's clients.

A Client or an Investor in a Fund Client may obtain (i) a copy of the Adviser's proxy voting policies and procedures and (ii) information on how the Adviser voted proxies for such Client by contacting the Adviser at (646) 690-9612.

Item 18. Financial Information

The Adviser does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the brochure.