

**Item 1 – Cover Page**

**Westech Investment Advisors LLC**

**104 La Mesa Dr., Suite 102**

**Portola Valley, CA 94028**

**650 234-4300**

**[www.westerntech.com](http://www.westerntech.com)**

**March 30, 2021**

This Brochure provides information about the qualifications and business practices of Westech Investment Advisors LLC. If you have any questions about the contents of this Brochure, please contact us by telephone at (650) 234-4300 or [compliance@westerntech.com](mailto:compliance@westerntech.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Westech Investment Advisors LLC is a registered investment adviser founded in 1980, which also does business as Western Technology Investment. Registration as an investment adviser does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

This brochure dated March 31, 2021 serves as an update to Westech Investment Advisors LLC's brochure dated March 30, 2019. There have been no material changes since the last annual update on March 30, 2019.

Westech Investment Advisors LLC routinely makes changes throughout this Brochure to improve and clarify the description of its business practices and compliance policies and procedures or as a result of changes in industry and firm practices.

### **Item 3 – Table of Contents**

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	i
Item 3 – Table of Contents.....	i
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	9
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9 – Disciplinary Information.....	30
Item 10 – Other Financial Industry Activities and Affiliations .....	30
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	33
Item 12 – Brokerage Practices.....	33
Item 13 – Review of Accounts.....	34
Item 14 – Client Referrals and Other Compensation .....	34
Item 15 – Custody.....	35
Item 16 – Investment Discretion.....	35
Item 17 – Voting Client Securities .....	35
Item 18 – Financial Information .....	36

#### **Item 4 – Advisory Business**

Westech Investment Advisors LLC (also referred to in this Brochure as “Westech”, “WTI” or the “Firm”), is a California limited liability company founded in 1980 that is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (“Advisers Act”). WTI serves as an investment manager for (i) a number of serial institutional venture debt funds that have elected to be treated as business development companies (“BDCs”) under the Investment Company Act of 1940, as amended (“1940 Act”), (ii) corresponding LLCs (as described below) and (iii) a limited partnership that invests primarily in venture equity (“Equity Fund”). Each BDC is wholly-owned by a limited liability company (“LLC”) through which investors subscribe. Each BDC and its corresponding LLC is referred to as a “Debt Fund,” and the Debt Funds and the Equity Fund are referred to collectively as the “Funds”. Each LLC and the Equity Fund would be an investment company but for Section 3(c)(1) or 3(c)(7) of the 1940 Act.

The “Debt Funds” are:

Venture Lending & Leasing IV, LLC (“LLC IV”);

Venture Lending & Leasing V, LLC (“LLC V”);

Venture Lending & Leasing VI, LLC (“LLC VI”);

Venture Lending & Leasing VII, Inc. (“Fund VII”), which is wholly-owned by Venture Lending & Leasing VII, LLC (“LLC VII”);

Venture Lending & Leasing VIII, Inc. (“Fund VIII”), which is wholly-owned by Venture Lending & Leasing VIII, LLC (“LLC VIII”);

Venture Lending & Leasing IX, Inc. (“Fund IX”), which is wholly-owned by Venture Lending & Leasing IX, LLC (“LLC IX”).

Each Debt Fund’s investment objective is to achieve a superior risk-adjusted investment return. Each Debt Fund’s primary investment strategy is to provide debt financing, in the form of secured loans, to carefully selected companies that are typically also backed by venture capital investors, microVC funds, strategic investors and angel investors. These “venture loans” generally consist of a promissory note secured by the equipment or other assets of the borrower. The interest rate and amortization terms of venture loans are individually negotiated between the Debt Funds and each borrower. These loans are held by the BDC in the structure.

In addition to the LLCs and the BDCs, Westech serves as the investment adviser to an Equity Fund, which invests primarily in venture equity, WTI Equity Opportunity Fund I (“EOF I”). The investment objective of EOF I is to give existing investors in

the Debt Funds the opportunity for more concentrated equity exposure through Westech's relationships with underlying portfolio companies.

The Firm provides investment management services to each of the Funds in accordance with the private placement memorandum, management agreement and limited partnership agreement (or analogous organizational document) of such Fund and/or side letters with investors (collectively, the "Governing Documents"). Investment advice is provided directly to the Funds, and not individually tailored to the investors in the Funds. Investment restrictions for the Funds are generally established in the Governing Documents of the applicable Fund.

The principal owner of the Firm is Westech Investment Management, Inc., a California corporation. The sole shareholders of Westech Investment Management, Inc. are Ronald W. Swenson and Salvador O. Gutierrez.

The Firm manages \$1,983,576,992 in client assets on a discretionary basis and no assets on a non-discretionary basis (calculated as of December 31, 2020).

## **Item 5 – Fees and Compensation**

The Firm or an affiliated managing member or general partner receives management fees and incentive compensation from the Funds. In accordance with the Governing Documents, the Firm deducts these directly from Fund accounts. The Firm has, and may continue to, waive, reduce or calculate differently all or a portion of any management fees and incentive compensation for one or more investors, including for certain affiliates of the Firm. The precise amount of, and the manner and calculation of, the management fee may differ from one Fund to another, and are set forth in such Fund's Governing Documents received by each investor prior to investment in a Fund.

WTI will generally calculate management fees on a quarterly basis, in arrears. Each quarter, the previous quarter's calculation of management fees is reviewed in case there has been a change and, if necessary, a "true-up" adjustment is made to the current quarter calculation. Management fees are based on information as of the last day of the quarter and are not prorated for capital contributions and withdrawals made during the applicable calendar quarter. Any underpayments or overpayments are adjusted and paid with the following quarter's payment.

Performance-based compensation payable to the Firm or affiliated general partner is payable quarterly, annually or more frequently as described in the applicable Governing Documents.

The Firm charges each Debt Fund similar (although not identical) management fees based on either a cost basis of assets, the fair value of assets, or committed capital,

and an incentive allocation, typically 20% of profits, which applies after an identified “hurdle” rate of return for the Debt Fund is reached. The Firm charges the Equity Fund a management fee of 0.5% of the cost basis of such Equity Fund’s investments, and Westech receives an incentive allocation of 15% of profits up to and until a hurdle is reached, after which the incentive allocation is increased to 20% of profits.

The management fee and incentive allocation charged to the Funds by Westech are summarized below. Investors should refer to the Governing Documents of each Fund for a full description of management fees and performance-based compensation.

Prior to October 1, 2015, LLC IV paid the Firm a management fee of 2.5% of total assets under management; however, effective October 1, 2015, the Firm has waived all management fees for LLC IV. LLC IV pays the Firm an incentive allocation of 20% of total profits so long as the preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is maintained.

Prior to February 20, 2017, LLC V paid the Firm a management fee of the greater of 2.5% of total assets under management and 1.5% of committed capital; however, effective February 20, 2017, the Firm has waived all management fees for LLC V. LLC V pays the Firm, an incentive allocation of 20% of profits so long as the preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is maintained.

LLC VI pays the Firm a management fee of the greater of 2.5% of total assets under management and 1.5% of committed capital if assets exceed \$25 million. If assets are less than \$25 million, the management fee will be 2.5% of assets. LLC VI pays the Firm an incentive allocation of 20% of total profits so long as the preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is maintained.

Fund VII and LLC VII pay the Firm a combined management fee of the greater of 2.5% of total assets under management and 1.5% of committed capital, if consolidated assets exceed \$25 million. If assets are less than \$25 million, the combined management fee will be 2.5% of consolidated assets. Because LLC VII is the sole shareholder of Fund VII, the management fee that LLC VII pays to the Firm is based on total assets less the LLC’s investment in Fund VII, in order to not double count assets. Additionally, LLC VII pays the Firm an incentive allocation of 20% of total profits so long as a preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is maintained.

Fund VIII and LLC VIII pay the Firm a combined management fee of the greater of 2.5% of total assets under management and 1.5% of committed capital, if

consolidated assets exceed \$25 million. If assets are less than \$25 million, the combined management fee will be 2.5% of consolidated assets. Because LLC VIII is the sole shareholder of Fund VIII, the management fee that LLC VIII pays to the Firm is based on total assets less the investment in Fund VIII, in order to not double count assets. Additionally, LLC VIII pays the Firm an incentive allocation of 20% of total profits so long as the preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is maintained.

Fund IX and LLC IX pay a combined fee calculated as a percentage of committed equity capital, as follows:

	Total Management Fee	Fund IX Investment Management Fee	LLC IX Management Fee
Year 1:	1.75%	1.575%	0.175%
Year 2:	2.00%	1.600%	0.400%
Year 3:	2.25%	1.575%	0.675%
Year 4:	2.50%	1.500%	1.000%
Year 5:	2.50%	1.250%	1.250%
Year 6:	2.25%	0.900%	1.350%
Year 7:	2.00%	0.600%	1.400%
Year 8:	1.75%	0.350%	1.400%
Year 9:	1.50%	0.150%	1.350%
Year 10:	1.50%	0.000%	1.500%

There will be no management fees payable by Fund IX or LLC IX with respect to any fiscal quarter commencing following the ten-year anniversary of the initial contribution date. Additionally, LLC IX pays a managing member affiliated with the Firm an incentive allocation of 20% of total profits once a preferred return of 8% per annum, cumulative but not compounded, on unreturned capital is reached.

EOF I pays the Firm a management fee of 0.5% of the cost basis of its investments. Additionally, a general partner affiliated with the Firm receives an incentive allocation of 15% of EOF I's profits up to and until a hurdle is reached, after which the incentive allocation is increased to 20% of profits.

## **Expenses**

### *Debt Fund Expenses*

All expenses incurred by each Debt Fund will be paid by that Debt Fund, or the Firm or its affiliates on behalf of the Debt Fund, in connection with the organization of the Debt Fund and the initial offering of its interests.

Except those specifically required to be borne by the Firm, each Debt Fund will pay all of its operating expenses, including:

- (i) brokerage, legal, accounting and commission fees and expenses and other transaction costs related to acquisitions, dispositions, structurings and/or restructurings (including collection and/or workout costs and expenses) of investments (including investments that are not consummated, and including the costs associated with forming, maintaining and liquidating blocker entities), any hedging transactions with respect thereto and the creation and perfection of security interests with respect thereto;
- (ii) federal, state and local taxes and fees, including transfer taxes and filing fees, incurred by or levied upon the Debt Fund;
- (iii) interest charges and other fees and expenses incurred in connection with borrowings (including without limitation costs and expenses incurred in connection with negotiating with one or more lenders to the Debt Fund (including prospective lenders) to structure, such as obtaining a loan syndicate and to satisfy any conditions imposed by lenders to the Debt Fund), such as obtaining a security bond;
- (iv) SEC fees and expenses, including the expenses of compliance by the Debt Fund and its directors with SEC rules, regulations, and filing requirements, and any fees and expenses of other federal or state securities or other regulatory authorities;
- (v) expenses of preparing, printing and distributing Debt Fund reports and notices;
- (vi) costs of proxy solicitation;
- (vii) costs of meetings of stockholders and the Board of Directors;
- (viii) charges and expenses of the Debt Fund's custodian, transfer and dividend disbursing agents;
- (ix) any fees and expenses incurred to conduct background checks on the management personnel of prospective Debt Fund investments;
- (x) compensation and expenses of the Debt Fund's disinterested directors, expenses of directors in attending board meetings, expenses of directors' and officers' liability insurance, and payments under indemnification agreements;
- (xi) expenses of administrators, custodians, counsel and auditors;



- (xii) costs of any certificates representing the shares of stock of the Debt Fund, if any;
- (xiii) costs of stationery and supplies;
- (xiv) the costs of membership by the Debt Fund in any trade organizations (including Investment Company Institute membership dues for both the Debt Fund and the Firm);
- (xv) expenses associated with the preparation of tax returns, and financial statements and obtaining accounting and tax advice;
- (xvi) all costs and expenses associated with litigation involving the Debt Fund and the amount of any judgment or settlement in connection therewith;
- (xvii) costs and expenses incurred in connection with valuing the Debt Fund's investments, including valuation software and the retention of any valuation expert; and
- (xviii) other extraordinary or non-recurring expenses (such as litigation expenses or indemnification expenses).

The operating expenses required to be borne by the Firm are limited to:

- (i) all costs and fees incident to the selection and investigation of prospective Debt Fund investments, such as travel expenses and professional fees (but excluding broker, legal and accounting fees and other costs incident to the documentation, closing or consummation of such transactions, and further excluding any fees and expenses incurred to conduct background checks on the management personnel of prospective Debt Fund and investments);
- (ii) the cost of adequate office space for the Debt Fund and all necessary office equipment and services, including telephone service, heat, utilities and similar items;
- (iii) the cost of providing the Debt Fund with such corporate, administrative and clerical personnel (including officers and directors of the Debt Fund who are interested persons of the Firm and are acting in their respective capacities as officers and directors, except as specifically carved out above as a Debt Fund expense) as a Debt Fund's Board of Directors reasonably deems necessary or advisable to perform the services required to be performed by the Firm under the investment management agreement;
- (iv) the cost of providing the BDCs with such corporate, administrative and clerical personnel as the Firm reasonably deems necessary or advisable to perform the services required to be performed by it under the operating agreement of the BDCs, except as specifically carved out above as a Debt Fund expense; and
- (v) costs and expenses associated with the Firm's registration or compliance with, or examination by the SEC with respect to the Advisers Act (other

than charges and expenses of the Debt Funds' or the BDC custodian, transfer and dividend disbursing agents or any other costs or expenses associated with the acquiring, holding or disposing of the Funds' or the assets, whether required by the Advisers Act (or similar state laws) or otherwise).

### *Equity Fund Expenses*

EOF I will bear all expenses incident to EOF I's organization, the general partner and related entities, as well as offering and other similar expenses related to EOF I.

In addition, EOF I will also bear all costs incurred by it, the general partner and the Firm on behalf of EOF I in connection with operation of its business, including all costs and expenses incurred in respect of:

- (i) the purchase, holding or sale or other disposition of securities;
- (ii) federal, state and local taxes and fees incurred by or levied upon EOF I, including real property or personal property taxes on investments, filing fees, brokerage fees, taxes and fees applicable to EOF I on account of its operations (including fees incurred in connection with the maintenance of bank or custodian accounts, as well as any fees payable to transfer or dividend disbursing agents);
- (iii) legal, audit, and other expenses incurred in connection with the registration of EOF I's portfolio securities under the applicable securities laws;
- (iv) brokerage, legal, accounting and commission fees and expenses incurred in connection with the purchase or sale or other disposition of securities (whether or not such purchase, sale or other disposition is ultimately consummated), or in connection with the restructuring or hedging of any investment by EOF I;
- (v) interest charges and other fees and expenses incurred in connection with any permitted borrowings (including without limitation costs and expenses incurred to satisfy any conditions imposed by lenders to EOF I);
- (vi) any fees and expenses associated with complying with requirements imposed by any federal and state securities or other regulatory authorities, including the expenses of compliance by EOF I with federal and state securities rules, regulations and filing requirements;
- (vii) fees and expenses of investment advisers and independent consultants incurred in investigating and evaluating investment opportunities (including any fees incurred to conduct background checks on the management personnel of prospective investments);
- (viii) fees of any independent certified public accountants incurred in connection with the annual audit of EOF I's books and the preparation of EOF I's annual tax return, costs of independent appraisers, legal and

- custodian expenses of EOF I, expenses of EOF I's administrators and accounting expenses paid to third parties for the maintenance of EOF I's books and records and preparation of reports;
- (ix) costs of stationary and supplies;
  - (x) premiums associated with insurance, if any, to insure against any claims that could be made directly against EOF I, the general partner or the Firm (or any other persons entitled to indemnification under the terms of EOF I's partnership agreement) or that could give rise to a fund liability to indemnify any such persons pursuant to the partnership agreement;
  - (xi) preparation and other expenses associated with notices and annual and other reports to the partners of EOF I, costs associated with any EOF I information meetings, expenses of the Advisory Committee meetings and reimbursement of reasonable out-of-pocket costs for the Advisory Committee members and the general partner's representatives to attend such meetings;
  - (xii) costs and expenses incurred in connection with valuing EOF I's investments, including valuation software and the retention of valuation experts;
  - (xiii) all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings relating to EOF I brought by or against EOF I, the Firm or the general partner, or the members, partners, employees or agents or former members, partners, employees or agents of any of the foregoing, including all costs and expenses arising out of or resulting from EOF I's indemnification obligations pursuant to the terms of the partnership agreement and
  - (xiv) any other extraordinary or non-recurring expenses. EOF I shall also bear all costs, fees and expenses incurred in connection with the liquidation of the EOF I's assets, including without limitation legal and accounting fees and expenses.

From the management fee, the Firm shall pay the following normal overhead and administrative expenses incurred by the general partner and the Firm in connection with the management of EOF I: (i) salaries and wages, entertainment and other customary expenses of EOF I, the general partners' and the Firm's employees and personnel; (ii) rentals payable for space used by EOF I, the general partner or the Firm; and (iii) expenditures for equipment used by EOF I, the general partner or the Firm.

For additional information on brokerage expenses, please see Item 12.

### **Allocation of Expenses**

To the extent that fees, costs and expenses are incurred on behalf of one or more Funds, each Fund bears a portion of any such fees, costs and expenses generally in

proportion to the size of its investment in the activity or in such a manner as the Firm considers fair and equitable under the circumstances. The Firm endeavors to allocate such fees, costs and expenses on a fair and reasonable basis over time.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

As stated above in Item 5, the Firm or a managing member or an affiliated general partner receives performance-based compensation through allocations of income and ordinary and capital gains based on client assets, after certain hurdle rates have been met. These compensation arrangements may create incentives for the Firm or affiliates to recommend investments that have a higher degree of risk or are more speculative than those that would be recommended under a different fee arrangement, and this may create an incentive to favor Funds that may pay higher performance compensation over other Funds. Similarly, performance-based fees incentivize the Firm or affiliates to make decisions regarding the timing or structure of investment realizations that might not be in the best interest of investors. Investments with higher yield potential are generally riskier or more speculative, which could result in increased risk to the Fund's investors.

The Firm seeks to mitigate the conflicts of interest created by this incentive through its investment allocation policies and procedures, described in Item 10 below.

#### **Item 7 – Types of Clients**

The Firm provides investment advisory services to the Funds. Investors participating in the Funds are (i) “accredited investors” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended; and (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the 1940 Act; or (iii) “knowledgeable employees” within the meaning of Rule 3c-5 of the 1940 Act. Investors in the Funds are not clients of the Firm.

The minimum investment amount is stated in the Governing Documents, and Westech or its affiliates can reduce or waive the minimum investment at its discretion.

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

##### **Investment Strategies**

The following is a summary of the investment strategies and methods of analysis employed by the Funds. This summary as well as the descriptions set forth in this Brochure should not be understood to limit in any way the Firm's investment activities. The Firm may offer any advisory services, engage in any investment strategy and make any investments, including any not described in this Brochure,

that the Firm considers appropriate, subject to the investment objectives and guidelines contained in the Governing Documents for each Fund. Specific descriptions of such strategies and methods are included in each Fund's Governing Documents.

The Firm's investment strategy for each of the BDCs is to provide debt financing, primarily in the form of secured loans, to carefully selected companies backed by venture capital ("VC") investors, micro VC funds, and angel investors. The Debt Funds may invest in special situations, including convertible debt instruments, and in convertible debt or other equity instruments issued by companies of diverse capitalization and creditworthiness, including, without limitation, early-stage private companies, public and late-stage private companies, and companies undergoing restructuring or recapitalization of their existing debt or equity financing. The Firm also evaluates and recommends, where appropriate opportunities arise, other types of investments in privately held companies including but not limited to common stock, preferred stock, convertible notes, and other equity interests. The Equity Fund primarily makes investments in a subset of those opportunities to purchase equity interests in companies in which LLC VIII or LLC IX (or any subsequent LLC) has invested or is investing and where the opportunity to make such investment is permitted pursuant to the terms of Governing Documents of the applicable Debt Funds.

The Firm evaluates potential investments on a case-by-case basis, using both credit and "venture capital" approaches. The initial phase includes the collection of relevant materials such as business plans, financials and pro-forma projections, capitalization tables, management biographies, and corporate documents. Additionally, the WTI investment team meets with the CEO and management team of the prospective companies. Reference checks may be performed by contacting venture capitalists, customers, and competitors. A credit and/or equity file is created to serve as the basis to monitor progress of the company against its expected milestones.

The Funds typically use a buy-and-hold strategy where investments are held to maturity or exit. All securities are evaluated on a regular basis to determine whether there should be any change to this strategy. Some debt investments are restructured, which may result in the extension of the original maturity date or other change in the instrument, including but not limited to, conversion of all or part of the instrument to equity. The Funds typically do not purchase publicly held securities; however, some publicly-held securities are acquired through warrant exercises, mergers, acquisitions, and IPOs of the companies in which investments are made. Additionally, in some cases, public securities are issued in conjunction with loans made to public companies. When a company's securities become publicly traded, a Fund may hold these securities and sell them or may choose to distribute

the securities directly to its investors. If held, publicly-traded securities are monitored on an on-going basis, and a variety of factors regarding the company (e.g., trend in stock price, underlying business fundamentals and potential for growth, information regarding the lock-up) are used to determine when to sell these securities.

## **Risks**

The following is a summary of the material risks involved in the investment strategies and methods of analysis that the Firm employs. This Brochure is not intended to address every potential risk and investors in the Funds should refer to the Governing Documents of the applicable Fund for more information on risk factors. There can be no assurance that the investment objectives of any client will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear.

## **Reliance on Management**

The Debt Funds have an initial investment period of four years, and the Equity Fund has an initial investment period of ten years, and each could require a substantial amount of this time to become fully invested (if at all). Pending investment, all cash that the Funds have received pursuant to capital calls will be committed to short-term, high-grade investments that present relatively low investment risk but provide a correspondingly lower return (e.g. overnight money market funds). The Funds do not intend to call upon their respective investors to contribute more capital than is expected to be needed to fund loans or equity, pay expenses or meet investment commitments that are outstanding or expected to be entered into within a reasonable time after such capital call. The Funds are wholly dependent for the selection, structuring, closing and monitoring of their investments on the diligence and skill of the Firm, acting under the supervision of the Funds' Boards of Directors and/or Advisory Boards.

Although the principals of the Firm have several decades of combined experience in investing in venture lending transactions and equity investments, there can be no assurance that the Funds will achieve their investment objectives. Furthermore, the Firm does not have substantial experience in investing in special situations such as convertible and subordinated debt of public and late-stage private companies. The investment team of the Firm will have primary responsibility for the selection of the companies in which the Funds will invest, the negotiation of the terms of such investments and the monitoring of such investments after they are made. Although the investment team intends to devote such time as is necessary to the affairs of the Funds, they are not required to devote full time to the management of the Funds. Furthermore, there can be no assurance that any investment team member will remain associated with the Firm or that, if an investment team member ceases to be

associated with the Firm, the Firm would be able to find a qualified person or persons to fill their positions.

### **Limits on Transferability and Long-Term Investments**

Other than as described below, interests in the Funds have not been and will not be registered under the federal or state securities laws and are subject to substantial restrictions on transfer. There will be no trading market for the interests in the Funds, and investors of the Funds most likely will have to hold their interests until the final liquidation of the applicable Funds. In certain instances, the liquidation process of a particular Fund might not be completed for a significant period after the Fund's termination date. For example, of all of the Prior Funds, only Funds I, II, and Fund III have completed the liquidation process. Funds I and II, which were established in 1994 and 1997, did not liquidate until 2010 and 2012 respectively. Fund III was established in 2000 and liquidated on October 2, 2017. An investment in the Funds is, therefore, illiquid and should be considered only by investors financially able to maintain their investment for the long term.

### **Competition**

Other entities and individuals compete for investments similar to those proposed to be made by the Funds, some of whom, with respect to investments in the form of loans, and many of whom, with respect to the equity investments and convertible and subordinated debt, have greater resources than the Funds. Furthermore, competition could increase given the low barriers to entry in the industry. Additionally, the BDCs need to comply with provisions of the 1940 Act pertaining to BDCs and, if a BDC qualifies as a regulated investment company ("RIC"), provisions of the Internal Revenue Code of 1986, as amended (the "Code"), pertaining to any RICs, which might restrict such BDC's flexibility as compared with its competitors. The need to compete for investment opportunities may make it necessary for the Funds to offer borrowers or companies in which it makes debt and/or equity investments more attractive terms than otherwise might be the case.

### **Diverse Investor Group**

The investors may have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. Consequently, conflicts of interest may arise in connection with decisions made by the Firm, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriately for the Funds, the Firm will

consider the investment and tax objectives of each of the Funds as applicable, and the investors as a whole, and not the investment, tax, or other objectives of any investor individually.

### **Equity and Convertible Debt**

The Debt Funds may invest in special situations, including convertible debt instruments, including those issued by companies of diverse capitalization including, without limitation, early-stage private companies, public and late-stage private companies, and companies undergoing restructuring or recapitalization of their existing debt or equity financing. Convertible debt generally offers lower interest yields than nonconvertible debt of similar quality and often will offer conversion into the next round of financing at a discount to the final valuation. The conversion price is the predetermined price at which the debt instrument could be exchanged for the associated stock. In most cases of a convertible debt investment, the investment is considered by the Firm to be the equivalent of an equity investment and is treated as such during the diligence process. Further, in most cases, the instrument does not have a redemption option and will automatically convert once the next round of financing is raised.

### **Subordinated Debt**

The Debt Funds may invest in special situations, including subordinated debt instruments, which tend to be predominantly high-yield non-convertible debt securities without a first lien position. Investments in high-yield securities involve substantial risk of loss. Sub-investment grade non-convertible debt securities, or comparable unrated securities, are commonly referred to as “junk debt” and are considered speculative with respect to the issuer’s ability to pay interest and principal, and are susceptible to default or decline in market value due to adverse economic or business developments. If publicly-traded, the market values for high-yield securities tend to be very volatile, and these securities are less liquid than investment-grade debt securities. In certain situations, a Debt Fund may also choose to make a subordinated debt investment in companies that already have an existing debt provider. Further, a Debt Fund may also choose to subordinate existing outstanding debt as part of a restructuring or work-out arrangement in order to allow the company to successfully complete a transaction such as an acquisition or round of financing. There can be no assurance that the subordination will work to the benefit of the applicable Debt Fund.

### **Interest Rate Risk**

The Debt Funds make loans to portfolio companies in which the interest rate is fixed upon funding. Changes in the external interest rate could adversely affect a Fund’s performance due to such Fund’s own borrowing. As stated below in “Leverage”, to



the extent that a Debt Fund uses leverage to acquire loans, the Firm attempts to mitigate the interest rate risk by hedging some or all of the amount the Fund borrowed.

## **Leverage**

The Debt Funds intend to borrow money from, and issue debt securities to, banks, insurance companies and other lenders to obtain additional funds to originate venture loans. The Debt Funds will do this if such borrowings are available on terms that are acceptable to the Firm and Board of Directors of the Debt Funds. Any borrowings of the BDCs will be subject to the asset coverage requirements under the 1940 Act. The use of leverage increases investment risk. Each Debt Fund's use of leverage is premised upon the expectation that the Debt Fund's all-in borrowing costs will be lower than the return the Debt Fund achieves on its investments. To the extent the income derived from investments purchased with borrowed funds exceeds the cost of borrowing, the Debt Fund's overall return will be greater than if leverage had not been used. Conversely, if the income or capital gain from the investments purchased with borrowed funds is not sufficient to cover the cost of borrowing, or if the Debt Fund incurs capital losses, the return to the Debt Fund will be less than if leverage had not been used, and therefore the amount available for distribution will be reduced or potentially eliminated. Furthermore, since the calculation of the management fee for Fund VII and Fund VIII is based on a percentage of the managed assets, such fee will be higher because the Debt Fund utilizes leverage than if no borrowings had been incurred.

The lenders require that the Debt Funds pledge portfolio assets as collateral for borrowings. If the Debt Funds are unable to service the borrowings, the Debt Funds may risk the loss of such pledged assets. Lenders are also expected to require that the Debt Funds agree to loan covenants limiting the Debt Funds' ability to incur additional debt or otherwise limiting the Debt Funds' flexibility, and loan agreements may provide for acceleration of the maturity of the indebtedness if certain financial tests are not met. To minimize risks associated with lending money at fixed rates, the Debt Fund may enter into interest rate hedging transactions with respect to all or any portion of the Debt Fund's borrowings. There can be no assurance that such interest rate hedging transactions will be available in forms or at prices acceptable to the Debt Funds. In addition, entering into interest rate hedging transactions usually raises costs to the Debt Funds. Finally, it is possible that the Debt Funds could incur losses from being "overhedged," which would result if the loan that was hedged is repaid faster than expected.

## **Regulation**

By virtue of its exclusion from registration pursuant to either Section 3(c)(7) or Section 3(c)(1) of the 1940 Act, the Equity Fund and the LLCs (collectively, "Private

Funds”) will operate as a private investment company. Therefore, with the exception of Section 12, the Private Funds will not be regulated under the 1940 Act. Among other things, Section 12 regulates investments in other investment companies and certain provisions in Section 12 apply to private investment companies. The BDCs, on the other hand, will elect to be regulated as BDCs under the 1940 Act. Although BDCs are exempt from registration as investment companies under the 1940 Act and are relieved from compliance with a number of the provisions of the 1940 Act, there are greater restrictions in some respects on permitted types of investments for BDCs. Moreover, the applicable provisions of the 1940 Act continue to impose numerous restrictions on the activities of such BDCs, including restrictions on leverage and on the nature of its investments. In particular, the provisions of Sections 17(d) and 57 of the 1940 Act and Rule 17d-1 thereunder may impose certain restrictions on the ability of the Funds to invest in securities of the same companies in which other Funds are invested.

### **Litigation**

The Debt Funds could be subject to litigation by borrowers, based on theories of breach of contract to lend, “lender liability” or otherwise in connection with its loan and investment transactions. A plaintiff in such a lawsuit may seek to include the parent as defendants even if only the subsidiary were the lender. The defense of such a lawsuit, even if ultimately determined to be without merit, could be costly and time-consuming, to both the Firm and the Debt Funds.

### **Tax Status**

Each BDC must meet a number of requirements to qualify for the pass-through status as a RIC and, if qualified, to continue to so qualify. For example, such BDC must meet specified asset diversification standards under the Code, which might be difficult to meet if the borrowers under some loans drew down their committed financing at a faster rate than other borrowers, particularly during the early periods of the BDC’s operations. If a BDC experiences difficulty in meeting the diversification requirement for any fiscal quarter of its taxable year, it might accelerate capital calls or, if available, borrowings in order to increase the portion of the BDC total assets represented by cash, cash items and U.S. government securities as of the close of the following fiscal quarter and thus attempt to meet the diversification requirement. Each BDC however, would incur additional interest and other expenses in connection with any such accelerated borrowings, and increased investments by the BDC Fund in cash, cash items and U.S. government securities (whether the funds to make such investments are derived from called equity capital or from accelerated borrowings) are likely to reduce the BDC’s return. Furthermore, there can be no assurance that the BDC would be able to meet the diversification requirements through such actions.

Failure to qualify as a RIC would deny the BDC pass-through status and, in a year in which the BDC has taxable income, would have a significant adverse effect on the return of the BDC. When the BDC elects to convert its status from that of an ordinary, or C, corporation to that of a RIC, it must choose either to (i) pay tax whenever an asset is sold during the ten years following the conversion on the amount of gain which would have been realized had the asset been sold on the conversion date, or (ii) treat the entire amount of “built-in gain” as income at the time of conversion. Each such BDC has received an opinion that, assuming the BDC’s election to be a BDC under Sections 6(f) and 54 of the 1940 Act will be valid and will remain in effect and that the BDC otherwise meets the qualification requirements set forth in Section 851(b) and the distribution requirements in Section 852(a) of the Code, if the BDC’s status as a RIC is challenged by the Internal Revenue Service (the “IRS”) in court and properly litigated, a court of competent jurisdiction will respect that status for federal income tax purposes. If the SEC were to disallow a BDC’s registration as a BDC, then the BDC would not be eligible to be treated as a RIC and, therefore, would be subject to federal corporate tax on its income and gains. The opinions referred to above are based on the Code, regulations thereunder, IRS rulings, procedures and pronouncements, court decisions and other applicable law as of the date hereof, and certain representations that the applicable BDC have made to their legal counsel. Legal opinions, however, are not binding on the IRS or the courts, and no ruling has been or will be requested from the IRS. No assurance can be given that the IRS will concur with such opinion.

## **Valuation**

There is generally no readily available market for the Funds’ investments, and hence, the fair value of such assets may not be readily determinable. In determining fair market value of an investment, the Firm utilizes a robust methodology that it determines is appropriate based on a number of factors including but not limited to acquisition multiples, implied multiples from public company transactions, prior financings, input from portfolio company management, third party offers, projected performance, and macro factors. The Firm’s valuations are subject to multiple levels of review. The exercise of discretion in determining the value of investments may give rise to a conflict of interest, including the calculation of management fees whereupon higher asset values would result in the Fund paying higher management fees. As a partial mitigant to this risk, the Funds’ board of directors is charged generally with overseeing the Funds’ valuation process, including through an understanding of valuation risks and conflicts applicable to the Funds’ assets and liabilities. The SEC has also recently adopted new Rule 2a-5 to further clarify the board’s role, which is expected to take effect in 2022.

The Firm uses an independent third-party valuation service to assist in determining fair market value where it deems appropriate; but the ultimate valuation of an investment is determined by the Firm or its affiliates.

### **Risks Related to Cybersecurity**

Increased reliance on technology by the Funds, their service providers and portfolio companies has increased the risks posed to their respective information systems. Each Fund and its service providers and portfolio companies are susceptible to operational and information security risks that include, among other things: human error and negligence; theft; the unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems; compromises to networks or devices that the Fund and its service providers use to service the Fund's operations; and operational disruption or failures of physical infrastructure or operating systems.

Cyber-attacks against or security breakdowns of a Fund or such Fund's service providers or portfolio companies may adversely impact the Fund and its shareholders, potentially resulting in, among other things: financial losses; the inability of the Fund's shareholders to transact business and the Fund to process transactions; exposure of personal information belonging to the Fund and its shareholders and violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. Each Fund may incur additional costs for cybersecurity risk management and remediation purposes. In addition, cybersecurity and privacy risks may also impact a Fund's transactional counterparties, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions, which could cause such Fund to suffer losses.

In general, cybersecurity attacks and breaches include, but are not limited to, efforts by bad actors to gain unauthorized access to systems, networks, devices or other digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users) or using a phishing scheme to impersonate an executive or vendor to cause an unauthorized transfer of funds. There can be no assurance that a Fund or its service providers or portfolio companies will not suffer losses relating to cyber-attacks or other information security breaches in the future.

While the Firm has developed information risk management systems and business continuity plans that are designed to reduce the risks associated with cybersecurity, there are inherent limitations in any cybersecurity risk management systems or business continuity plans, including the possibility that certain risks have not been identified and that cyber-attacks may be highly sophisticated. There can be no assurance that the programs, plans and systems in place will prevent a cyber-attack or otherwise prevent cyber losses.

### **MeToo Movement**

The #MeToo, “Time’s Up” and related social movements have focused attention on issues relating to gender equality in the workplace and raised awareness of the obligation to prevent sexual harassment and other forms of sexual misconduct in the workplace. Recently, companies have lost executives and faced major lawsuits and fines due to allegations of sexual harassment, gender discrimination and other misconduct, including negligence or misconduct in handling such allegations. There is no guarantee that a Fund’s portfolio companies will not experience negative fallout stemming from allegations of sexual harassment, gender discrimination and other misconduct resulting from the actions and/or inactions of such companies, their employees, and/or affiliates.

### **Climate Change, Natural Disaster and Public Health Crises Risk**

Climate change and related legislation, regulation and accords, both domestic and international, intended to control the impact of climate change may produce direct or indirect adverse consequences to a Fund’s investments, significantly affecting its value. Extreme weather patterns or natural disasters, such as the Tohoku earthquake and resulting tsunami in Japan in 2011, the Alaska earthquake in 2018, major hurricanes in the United States in 2017 and 2018, or the threat thereof, could also adversely impact a Fund portfolio companies’ facilities, operations, and services, as well as certain industries, or group of industries, and regions related to such Fund’s investments. Additionally, public health crises, such as the recent outbreak of the novel coronavirus emanating from China, could result in travel restrictions and shipping and labor disruptions, which may adversely affect a Fund’s portfolio companies’ facilities, operations and services.

### **Special Risk Considerations Relating to China**

The Funds may invest in portfolio companies that are based in China, have significant operations in China or are otherwise connected to China. Markets in China can be volatile due to uncertain social, economic, regulatory and political factors, in addition to the effects of public health crises, such as the recent outbreak of coronavirus emanating from China. See the discussion herein under the caption “Climate Change, Natural Disaster and Public Health Crises Risk.” The severity and

duration of any adverse economic conditions may be driven by governmental or quasi-governmental policies; in particular the imposition of sanctions by outside governments could severely disrupt the Chinese economy and the value of securities tied to it. For example, a Fund's portfolio companies may be significantly impacted by the ongoing trade dispute between the United States and China that have resulted in the imposition of tariffs by both countries on certain goods entering their respective markets. Among other things, such disputes could prompt a portfolio company to reduce its operations in China and/or suffer of downward pricing pressure. Additionally, a portfolio company that relies on Chinese investors could experience challenges in securing additional capital investments. In January 2020, the United States and China signed an agreement representing the first phase of a broader trade agreement between the two countries. Among other things, the agreement stipulates that both countries will reduce existing tariffs on certain imports and obligates China to increase its purchases of goods and services in the United States. However, it is unclear whether the countries will honor the terms of the phase one agreement, which could result in the imposition of additional tariffs and other retaliatory actions. Therefore, whether the factors identified above that could impact a Fund's portfolio companies are mitigated or exacerbated remains uncertain and will depend, in part, on their ability to fully implement the terms of the phase one deal, as well as the final outcome of ongoing negotiations between the United States and China to resolve their trade dispute through a comprehensive agreement.

### **Foreign Investment Review.**

Pursuant to the United States Defense Production Act of 1950, as amended (the "DPA"), 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 the Funds' investment activities. 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 investor's capital contribution and termination of its participation in the Funds, (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 (the "President") 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 the Funds are controlled by foreign persons or have foreign investors, its investments are potentially subject to CFIUS review. Foreign investors' indirect investments in U.S. companies through the Funds also could be subject to CFIUS review. Finally, subsequent proposed investments, acquisitions, or mergers or other transactions related to portfolio companies involving foreign persons also could be subject to CFIUS review.

Parties to transactions within CFIUS's jurisdiction, potentially including the Funds, may choose to submit a joint voluntary notice to CFIUS for its review. In addition, CFIUS may unilaterally initiate a review of a transaction or may request that the parties file a notice. In 2018, the Foreign Investment Risk Review Modernization Act ("FIRRMA") revised the CFIUS process to (i) expand CFIUS's jurisdiction—notably to certain non-controlling investments in U.S. companies that are involved in critical technologies or critical infrastructure or that hold sensitive personal data of U.S. citizens—and (ii) mandate filings in certain instances. Effective February 13, 2020, final rules implementing FIRRMA (and broadly reflecting the CFIUS "pilot program" in place since 2018) will mandate filings for certain Foreign Investments in U.S. critical technology companies. Some of the Funds' investments could fall within this expanded jurisdiction.

Due to these CFIUS considerations, the Funds could incur increased costs, including legal fees, related to (i) evaluating whether a particular portfolio investment or other transaction related to a portfolio company requires the submission of a filing to CFIUS, (ii) evaluating whether the submission of a joint voluntary notice to CFIUS is warranted, (iii) drafting a filing and submitting it to CFIUS, (iv) undergoing a CFIUS review or investigation, (v) negotiating and implementing CFIUS-imposed mitigation, and (vi) complying with any Presidential order. Submission of a filing to CFIUS in connection with an investment or other transaction related to a portfolio company also could result in significant delays, as the CFIUS review and investigation process can last months (with the possibility of a shorter timeframe for mandatory filings under the CFIUS pilot program). CFIUS could condition its clearance of a Foreign Investment on adjustments to the terms of such Foreign Investment or other mitigation (including, if applicable, exclusion of a foreign investor of the Funds from a Foreign Investment), and these conditions could adversely affect one or more portfolio companies and decrease the Funds' return on investment in any such portfolio company. In rare cases, the President could block a Foreign Investment or order the Funds to divest of a Foreign Investment. Finally, the Funds may choose not to make certain investments, or a portfolio company may choose not to solicit or pursue certain subsequent investments or other

transactions, that are otherwise attractive based on an evaluation of the associated CFIUS risks.

### **International Investments**

The BDCs may invest up to, but not more than, 30% of total assets in foreign-based companies. Foreign investments are subject to most of the same risks as domestic investments, in addition to political, economic and other uncertainties associated with foreign activities, including the risk of war and political unrest, the impact of laws and policies of foreign governments and the United States affecting foreign investment, and the possibility of being subject to the jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of courts in the United States. Furthermore, there may be practical and local legal impediments to cost-effective recovery against collateral located in a foreign country. Moreover, it is possible that taxes may be required to be withheld by the foreign company on dividend and interest payments received by the BDCs with respect to such foreign investments. Although capital gains derived by the BDCs with respect to such investments in such foreign companies may often be exempt from non-U.S. income or withholding taxes, the treatment of capital gains varies among jurisdictions. If the income from such foreign investments is subject to non-U.S. income or withholding taxes, the BDCs may attempt to negotiate offsetting gross-up payments from the foreign based company. No assurances, however, can be given that the BDCs will be able to negotiate such offsetting payments.

### **Accounting and Disclosure Standards**

Accounting, auditing, financial, and other reporting standards, practices, and disclosure requirements in countries in which the Funds may invest are not necessarily equivalent to those required under United States Generally Accepted Accounting Principles (US GAAP) or International Financial Reporting Standards (IFRS). Accordingly, less consistent information may be available to investors.

### **Credit Risks**

Most of the companies with which the Debt Funds will enter into financing transactions will not have achieved profitability, may experience substantial fluctuations in their operating results and, in many cases, will not have significant operating revenues. The ability of any borrower to meet its obligations to the Debt Funds, therefore, will depend to a significant extent on the willingness of such borrower's venture capital equity investors or outside investors to provide additional equity financing, which in turn will depend on the borrower's success in meeting its business plan, the market climate for venture capital investments generally and many other factors. The companies to which the Debt Funds will



provide financing will frequently be engaged in the development of new products or technologies, and the success of these efforts, or the ability of the companies to successfully manufacture or market products or technologies developed, cannot be assured. These companies frequently face intense competition, including competition from companies with greater resources, and may face risks of product or technological obsolescence, non-acceptance in the market, or rapidly changing regulatory environments, any of which could adversely affect their prospects. The success of such companies often depends on the talents of management and efforts of one person or small group of persons whose death, disability or resignation would adversely affect the company. Further, many of these companies are located within the Silicon Valley region, and a significant natural disaster such as an earthquake may have an adverse effect on the ability of these companies to continue operating.

### **Remedies Upon Loan Default**

In the event of a default on a portfolio loan, the available remedies to the Debt Funds include legal action against the borrower and foreclosure or repossession of collateral given by the borrower. A Debt Fund may experience significant delays in exercising its rights as a secured lender, and might incur substantial costs in taking possession of and liquidating its collateral and in taking other steps to protect its investment. The Debt Funds may also choose to delay the exercise of these rights in order to allow the company to pursue available options, provided that the Debt Fund(s) believe that doing so improves the probability of recovering outstanding loans.

In the case of growth capital or working capital loans (where the loan proceeds can be used by the company for any general corporate purposes), the Debt Funds will typically receive either a broad lien on substantially all of the borrower's assets, including its intellectual property, or a lien on substantially all of the borrower's assets, excluding intellectual property, with a negative pledge on such intellectual property. With a negative pledge, the borrower pledges not to grant a lien on its intellectual property to others. Realization of value from intellectual property collateral can be time-consuming and can present special challenges, given the often-unique nature and limited market for such assets. The Debt Funds' ability to obtain repayment beyond the collateral underlying the loan from the borrower might be limited by bankruptcy or similar laws affecting creditors' rights. In limited instances where the Debt Funds take security interests in a borrower's assets located in a foreign country, there may be practical and local legal impediments to the cost-effective recovery of such collateral. Therefore, there can be no assurance that the Debt Funds would ultimately recover the full amount owed on a defaulted loan.

For equipment loans, the Debt Funds generally have a first priority security interest in any equipment that the borrower financed with the proceeds of the Debt Funds' loans. The security interest may extend to the borrower's other assets or another lender might have a senior or parity security interest in the borrower's other assets. As noted above, the Debt Funds will utilize certain of its funds in investments that involve the financing of equipment assets. Equipment assets are often subject to rapid depreciation or obsolescence such that it is likely the value of the assets underlying a loan to finance such assets will depreciate during the term of the loan transaction to an amount below the amount of the borrower's obligations. In addition, although borrowers will be required under the transaction documents to provide customary insurance for the assets underlying a loan, and will be prohibited from disposing of the assets without the Debt Funds' consent, compliance with these covenants cannot be assured and, in the event of non-compliance, the assets could become unavailable to the Debt Funds due to destruction, theft, sale or other circumstances.

On occasion, the Debt Funds will make loans to a borrower that has one or more other secured lenders, including other Debt Funds managed by the advisor. In such circumstances, the Debt Funds may share all or a portion of the collateral with the other lenders and will enter into intercreditor agreements governing the respective rights of the Debt Funds and such other lenders, which could limit the Debt Funds' flexibility in pursuing its remedies as a secured creditor, and reduce the proceeds realized from foreclosing or taking possession of the collateral.

### **Emerging Company Risks**

The possibility that the companies in which the Funds invest will not be able to commercialize their technology or product concept presents significant risk. Additionally, although some of such companies may already have a commercially successful product or product line at the time of investment, technology products and services often have a more limited market or life span than products in other industries. Thus, the ultimate success of these companies may depend on their ability to continually innovate in increasingly competitive markets. Most of the companies in which the Funds invest will require substantial additional equity financing to satisfy their continuing growth and working capital requirements. Each round of venture financing is typically intended to provide a company with enough capital to reach the next stage of development. The circumstances or market conditions under which such companies will seek additional capital is unpredictable. It is possible that one or more of such companies will not be able to raise additional financing or may be able to do so only at a price or on terms which are unfavorable. Should the company be unable to raise financing when the company is not profitable, it will likely be unable to continue fulfilling its obligations to repay its debt.

## **Privately Held Company Risks**

The Funds intend to invest primarily in privately held companies. Generally, very little public information exists about these companies, and the Funds will be required to rely on the ability of the Firm to obtain adequate information from management and other sources to evaluate the potential returns from investing in these companies. Moreover, these companies typically depend upon the management talents and efforts of a small group of individuals, and the loss of one or more of these individuals could have a significant impact on the investment returns from a particular company. Also, these companies frequently have less diverse product lines, lower capital reserves and a smaller market presence than larger companies. They are thus generally more vulnerable to economic downturns or shifting market conditions and may experience substantial variations in operating results.

## **Due Diligence Risks**

Before making investments, both debt and equity, the Firm intends to conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment, the Firm will be required to rely on resources available to it, including information provided by the management of the prospective portfolio company, and, in some circumstances, third party investigations. The due diligence process may at times be subjective with respect to newly-organized companies for which only limited information is available. Accordingly, there can be no assurance that the due diligence investigation that the Firm will carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Further, there can be no assurance that such an investigation will result in an investment being successful.

## **Global Economic Conditions**

The ability of the Funds to provide an acceptable return may be adversely affected by global economic and financial market conditions. There are many global, financial and economic imbalances that could lead to market turmoil that could have a material adverse effect on the Funds' business and operations. Any tightening of the credit markets could impair the Debt Funds' ability to utilize leverage to maximize the return it achieves on investments. It is possible that market conditions could decrease the demand for venture loans. Furthermore, market conditions could also adversely impact the ability of the Debt Funds' borrowers to meet their obligations to the Debt Fund and the value of the Debt Funds' direct investments in companies. Most of the companies in which the Funds will invest will require substantial equity financing to satisfy their continuing growth and

working capital requirements. An economic downturn could decrease the demand for such company's products and technology, thereby impairing such company's financial condition and ability to raise additional equity financing from outside investors. This could result in an increase in borrower defaults under their obligations to the Debt Funds, and/or a decrease in the value of the Funds' direct equity investments. U.S. and global economic conditions could deteriorate and remain weak for an extended period of time.

Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) could occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Funds will be negatively impacted if the value of their portfolio holdings decreases as a result of such events, if these events adversely impact the operations and effectiveness of the adviser or key service providers or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

#### **Public Health Risks and COVID-19.**

Epidemics and pandemics may materially and adversely affect the global economy and performance of the Funds. A new coronavirus first identified in late December of 2019 (officially named coronavirus 2019 by the World Health Organization and abbreviated "COVID-19"), has spread across much of the world, including the United States, resulting in various disruptions, including travel and border restrictions, quarantines and "shelter at home" orders, event and service cancellations, the extended shutdown of business facilities, universities and schools, business closures, supply chain disruptions, lower consumer demand, and market volatility and uncertainty. In addition, since the outbreak of COVID-19, commerce in affected countries has slowed considerably. It is unknown how global supply chains, public and private capital markets, and portfolio companies may be affected if such an epidemic persists for an extended period of time. The COVID-19 pandemic may cause portfolio companies to incur loss of revenue and additional expenses and delays, thereby leading to a material adverse impact on their businesses, operating results and financial condition. In addition, the COVID-19 pandemic may make portfolio companies' access to equity or debt investment capital substantially more difficult or only on substantially less favorable terms than customarily available, thereby leading to a material adverse impact on their businesses, operating results and financial condition, as well as a material adverse impact on the Funds' potential

investment returns. If unabated, the COVID-19 pandemic may also create global economic uncertainty, which in turn may cause portfolio companies or their partners, suppliers and potential customers to closely monitor their costs and potential customers to closely monitor their costs and reduce their spending budget, and may cause portfolio company equity or debt investors to reduce, slow or eliminate their investment or lending activities. The availability of investment opportunities to the Funds may be adversely impacted by reductions of economic activity as a result of COVID-19, including as a result of the responses of businesses and local and national governments. The impact of COVID-19 could be significant on the economic environment of markets in which the Funds invest, which could affect the availability, purchase price, and returns of the Funds' investments. The availability of equity or debt investment capital for portfolio companies may be adversely impacted by uncertainties in financial markets and reductions of economic activity as a result of COVID-19, including as a result of the responses of businesses and local and national governments. The extent to which COVID-19 impacts the Funds' results will depend on future developments, which cannot be predicted with any certainty, including new information which may emerge concerning the severity of COVID-19, the ultimate geographic spread of COVID-19, the duration of the outbreak, travel restrictions imposed, business closures or general business disruption, and the actions taken throughout the world, including in domestic markets, to contain COVID-19 or treat its impact. As a result, the performance of the Funds could be adversely affected.

### **Speculative Nature of Warrants and Equity Investments**

The value of the warrants that the Debt Funds generally receive in connection with their financing investments is dependent on the value of the equity securities for which the warrants can be exercised. The value of such warrants, direct equity investments, and equities received upon conversion of debt instruments is dependent primarily on the success of the company's business strategy and the growth of its earnings, but also depends on general economic and equity market conditions. The prospects for achieving consistent profitability in the case of many companies in which the Funds invest are speculative. The warrants, equity securities for which the warrants can be exercised, direct equity investments, and equities received upon conversion of debt instruments generally will be restricted securities that cannot readily be sold for some period of time. If the value of the equity securities underlying a Debt Fund's warrant does not increase above the exercise price during the life of the warrant, the Debt Funds, would permit the warrant to expire unexercised and the warrant would then have no value.

### **Illiquidity of Investments**

The Funds anticipate that substantially all of their investments (other than short-term investments) will consist of debt and/or private securities for which, at the

time of acquisition, no ready market will exist. In the case of warrants or equity securities, the Funds generally will realize the value of such securities only if the issuer is able to make an initial public offering of its shares, or enters into a business combination with another company that purchases the Funds' warrants or equity securities or exchanges them for publicly-traded securities of the acquirer. In certain instances, such as an IPO or acquisition by a public company for which equity is issued as consideration, the Funds may receive restricted securities. Restricted securities cannot be sold publicly without prior agreement with the issuer to register the securities under the 1933 Act, or by selling such securities under Rule 144 or other provisions of the 1933 Act which permit only limited sales under specified conditions. When restricted securities are sold to the public, a Fund, under certain circumstances, may be deemed an "underwriter" or a controlling person with respect thereto for the purposes of the 1933 Act, and be subject to liabilities as such under that Act. Because of the illiquidity of the Funds' investments, most of their assets will be carried at fair value as determined by the Firm. This value will not necessarily reflect the amount ultimately realized upon a sale of the assets. Venture loans and equity investments are privately negotiated transactions, and there is no established trading market in which such loans and equity investments can be sold. The feasibility of such transactions depends upon the entity's financial results as well as general economic and equity market conditions. A crisis in the financial markets could dramatically reduce the volume of initial public offerings and mergers and acquisitions in the market-place. If such crisis occurs, the Funds' ability to realize liquidity through its investments will be impaired. Furthermore, even if the restricted warrants or equity securities owned by a Fund become publicly-traded, the Fund's ability to sell such securities may be limited by the lack (or limited nature) of a trading market for such securities. If the Funds hold material nonpublic information regarding the issuer of the securities, the Funds' ability to sell such securities may also be limited by insider trading laws.

### **Non-Diversified Status**

Each of Fund VII, Fund VIII and Fund IX will be classified as a "non-diversified" investment company under the 1940 Act. At such time as these Debt Funds meet certain asset diversification requirements, these Funds intend to qualify as RICs under the Code and will thereafter seek to continually meet the diversification standards thereunder. Nevertheless, the Debt Funds' assets may be subject to a greater risk of loss than if its investments were more widely diversified.

### **Intercreditor Agreements**

In each transaction in which more than one lender is present (including when more than one Debt Fund is a lender), it is expected that the Debt Funds will enter into an intercreditor agreement pursuant to which the Debt Funds will cooperate in pursuing their remedies following a default by the common borrower. Generally,

under such inter creditor agreements between Debt Funds, each party would agree that its security interest would be treated in parity with the security interest of the other party, regardless of which security interest would have priority under applicable law, but intercreditor agreements may vary from deal to deal. Accordingly, proceeds realized from the sale of any collateral or the exercise of any other creditor's rights will generally be allocated between the Debt Funds *pro rata* in accordance with the amounts still outstanding of their respective investments. An exception to the foregoing arrangement would occur in situations where, for example, one of the lenders financed specific items of equipment collateral or receivables; in that case, usually the lender who financed the specific assets will have a senior lien on that asset, and the other lender will have a junior priority lien (even though they may ratably share liens of equal priority on other assets of the common borrower). As a result of such intercreditor agreements, a Debt Fund may have less flexibility in pursuing its remedies following a default than it would have had had there been no intercreditor agreement, and a Debt Fund may realize fewer proceeds. In addition, because the Debt Funds often invest at the same time in the same borrower, such borrower would be required to service two loans rather than one. Any additional administrative costs or burdens resulting therefrom may make the Funds a less attractive lender, and may make it more difficult for the Debt Funds to acquire such loans.

### **Interest of the Managing Member/General Partner**

The allocations and distributions to the Firm, in its capacity as managing member or general partner of the Funds, are based on a percentage of the Funds' overall distributions to their investors. The Firm believes this structure might benefit the Funds by creating a greater congruity of economic interest between the Funds and the Firm. This structure, however, might also create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of such structure.

### **Effect of Leverage**

The management fee of each of Fund VII and Fund VIII is calculated based on a percentage of the respective Fund's assets, including amounts derived from borrowed funds. Therefore, decisions by the Firm to cause these Debt Funds to borrow additional capital may increase the quarterly fees payable to the Firm. The overall borrowing limits of each of Fund VII and Fund VIII are set by these Funds' Board of Directors in light of its fiduciary obligations and are also limited by the provisions for leverage determined in the 1940 Act.

## **Indemnification and Exculpation**

The organizational documents of the BDCs provide for indemnification of directors, officers, employees, advisory board members and agents (including the Firm) of the BDCs to the full extent permitted by applicable state law and the 1940 Act, including the advance of expenses and reasonable counsel fees. The charter of the BDCs also contains a provision eliminating the personal liability of the Funds' directors and officer to the BDCs or its stockholder for monetary damages, subject to specified exceptions. The operating agreement of the LLCs contains a similar provision. A successful claim for such indemnification, including payment of any expenses and counsel fees, would reduce the applicable BDC's assets by the amounts paid.

The organizational documents of the Equity Fund provide for indemnification of the general partner, its partners, members, employees, and agents, affiliates of the foregoing and the members of the advisory committee for liabilities incurred in connection with the affairs of the Equity Fund.

## **Equity Fund Specific Risks**

### **Investment Opportunity Risk**

The Firm expects that the Equity Fund will benefit from equity investment opportunities that arise as a result of the Firm's broad network. However, there are no assurances that the Firm will be able to source attractive equity investment opportunities.

### **Lack of Diversification**

The Equity Fund is subject to limited or no diversification requirements and may invest in a limited number of companies, sectors, countries, or regions. The Equity Fund may invest a portion of its assets in privately-held technology companies without histories of profit and stability. These companies may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. 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. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

To the extent the Equity 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 Equity Fund may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Equity Fund has invested. Currently, the Equity Fund intends to focus its investments primarily in venture-backed technology companies, and any downward trends affecting the technology sector could have a material adverse effect on the Equity Fund's performance.

### **Increased Exposure to Debt Funds' Portfolio Companies**

The Equity Fund will primarily be making equity investments in companies in which the Debt Funds have made a debt investment and, in many cases, an equity investment. Accordingly, investors in the Equity Fund that are also investors in the Debt Funds may already have exposure to the Equity Fund's portfolio companies through their investment in the Debt Funds, and an investment in the Equity Fund will increase that exposure.

### **Item 9 – Disciplinary Information**

Neither the Firm, nor any management person, has had legal or disciplinary events (e.g., certain criminal or civil actions in domestic, foreign or military court, administrative proceedings before the SEC or any other federal regulatory agency or any state regulatory agency, or self-regulatory organization) that are material to evaluating the Firm's advisory business or its integrity.

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

There are certain relationships involving some of the Firm's principals and employees that present actual and potential conflicts of interest. The Firm can, and sometimes does, recommend that the Funds invest in companies in which a principal or employee has a prior personal investment or for which a principal or employee may serve as a director or advisor. The Firm or its affiliates can, and sometimes does, recommend that the Funds invest in companies in which venture capital funds, private equity funds or other institutional investors ("Unaffiliated Funds") also have made investments, where one or more principals or employees of the Firm has made an investment in, or served as an advisor to, an investing Unaffiliated Fund. The Firm believes that these relationships generally benefit the Funds in that they provide the Firm's principals and employees with access to investments and information that might not otherwise be available to the Firm and the Funds.

Nonetheless, the relationships present actual and potential conflicts of interest in that the relationship could provide the Firm principal or employee in question with

an incentive to influence the Firm's decision to recommend an investment in the company in question. They also present actual and potential conflicts of interest in that the Firm principal or employee in question could use information acquired through association with the Firm to influence or benefit Unaffiliated Funds' investment decisions. The Firm addresses these conflicts through internal policies and procedures designed to insulate its investment decision-making process and its research from these incentives. For example, principals with a prior investment in a company are recused from the investment decision-making process with respect to that company.

The Firm's principals or employees who are serving as advisors to Unaffiliated Funds can be, and sometimes are, called upon to make investment recommendations to these Unaffiliated Funds. These investments can be, and sometimes are, the same as those in which the Funds are making an investment, and the Firm has policies and procedures in place to require that these are first offered to the Funds and only subsequently offered to the Unaffiliated Fund once declined by the Funds. In addition, compensation from a board or advisory relationships is generally assigned to the Firm. The Firm also addresses these conflicts of interest through the provisions of its Code of Ethics, as described below.

### **Investment Allocation Policies and Procedures**

As a fiduciary, the Firm is committed to allocating investment opportunities among the Funds in a manner that is fair and equitable to each Fund over time, taking into account the terms of the relevant Governing Documents. To guide the determination of such allocations, the Firm and the BDCs have adopted policies and procedures that seek to mitigate the potential and actual conflicts of interest that arise from the Firm's compensation arrangements and other incentives.

The BDCs are regulated under the 1940 Act. The 1940 Act generally prohibits "joint" transactions with an affiliate, which could include co-investments in the same portfolio company by two or more Funds. The Boards of Directors of the BDCs (including a majority of the disinterested directors) and the advisory boards of the LLCs ("Advisory Boards") have each adopted procedures ("Procedures") that allow the Debt Funds to co-invest in portfolio companies with other Funds, subject to compliance with certain conditions (the "Conditions"). Under these Conditions, the Firm must determine that participation in any such investment is appropriate for each Debt Fund, and the independent directors of each such Debt Fund must make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to the Debt Fund and its shareholders and do not involve overreaching on the part of any person concerned and (2) the potential co-investment transaction is consistent with the

interests of the shareholders of the Debt Fund and with the Debt Fund's objectives and strategies.

As a general matter, if two BDCs are each making active investments, they will generally make debt investments in the same portfolio companies, with the amount of the investment allocated among them on a fair and equitable basis as determined by the Firm considering all of the circumstances and in accordance with the procedures described above. The Board of Directors of each such BDC must approve, and may adjust, the allocation amount of any investment recommended by the Firm in which two BDCs are investing. Generally, it is expected that allocations will be equal, until such time as one BDC runs low on investable capital, at which time, the allocation may be based on the remaining capital available for investment, or, subject to approval by the Boards of Directors of the respective BDCs, another methodology that takes into account the BDCs' investment pace, remaining commitment periods, and other relevant factors. The procedures apply both to first-time and to follow-on debt and equity investments in portfolio companies.

The Firm generally negotiates to obtain, in connection with debt investments, warrants to purchase equity in the applicable portfolio company and contractual rights to participate in future equity offerings ("Participation Rights") by the portfolio company. Warrants are generally distributed by the BDC that receives them to its parent LLC, at or shortly following their acquisition. When obtained, these warrants and Participation Rights are generally allocated to the LLCs in the same proportions as the related debt investment and can be exercised by the LLCs subject to the procedures. Where the Firm only negotiates price and no other terms, the LLCs can exercise Participation Rights in pre-existing portfolio companies after evaluating factors that generally include the dilutive effect, the stage of the Fund's investment cycle, the amount of equity the LLC already holds, its amount of available capital, and other factors, and the Firm will prepare a written statement describing the allocation decision, pursuant to SEC staff guidance.

Opportunities to make an equity investment can arise separately from and in addition to the contractual rights described above, as a result of a relationship between the Firm and a pre-existing or a potential new portfolio company. In these cases, the equity investment will be allocated in a manner that is fair and equitable to the LLCs and the Equity Fund over time, taking into account a number of factors, including the risk and return profile of the investment, the stage of the Debt Fund's investment cycle, the amount of equity the LLC already holds, its amount of available capital, whether it is appropriate in light of these factors to prevent or mitigate dilution of the LLC's existing equity holdings in the company, and other factors.

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

The Firm has established a Code of Ethics that applies to all of our associated persons, including WTI's principals, partners, certain officers, employees (or other persons occupying a similar status or performing a similar function) and any other person who provides advice on its behalf and is subject to our supervision and control ("Supervised Persons"). As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our Code of Ethics requires our associated persons to place the interests of the Funds and investors ahead of the Firm's and their personal interests at all times, to not take inappropriate advantage of their positions, and to conduct their personal securities transactions consistent with the Code of Ethics. Our fiduciary duty to our clients is considered the core underlying principle for our Code of Ethics, which also includes insider trading and personal securities transactions policies such as preclearance. We require all of our Supervised Persons to conduct business with the highest level of ethical standards and to comply with federal and state securities laws. Upon employment or affiliation and at least annually thereafter, all Supervised Persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and Supervised Persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request. The investments made by our Firm's principals and employees are discussed in Item 10 above.

## **Item 12 – Brokerage Practices**

As the Funds invest primarily in privately-placed securities purchased from issuers, neither they nor Westech will generally engage broker-dealers or other intermediaries to execute such securities transactions. However, as permitted by the Governing Documents, the Funds generally will sell in the public markets equity securities of portfolio companies that have gone public and listed their stock. In these circumstances, Westech will generally have discretionary authority to select the broker or dealer used to execute transactions on behalf of each Fund and to negotiate the commission cost to be paid by the Fund. Brokers and dealers generally are selected in a manner consistent with the Firm's duty to seek to obtain best execution (i.e., the most favorable results reasonably attainable under the circumstances, taking into account a variety of factors, including price and costs as well as qualitative factors), including based on their ability to handle transactions involving restricted securities, commission rates or spreads, and breadth of market

in particular securities. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible or practical to select from among multiple brokers or dealers. While Westech considers fees and would assess the reasonableness of the compensation, Westech would not necessarily select the broker that offers the lowest commission, consistent with its duty to seek best execution. No soft dollar arrangements are made.

If the Funds decide to distribute shares directly to investors, the Firm will review the brokerage options and will choose based on a number of factors including pricing and the number of shareholders who have existing relationship with any brokerage.

To the extent that Westech is purchasing or selling the same security for more than one client, Westech can aggregate orders in an effort to reduce transaction costs and will seek to allocate such transactions fairly and equitably among the clients.

### **Item 13 – Review of Accounts**

The Firm's investment team meets regularly to discuss new investment opportunities, the evolving venture capital landscape and other pertinent information such as pricing and competition. Members of the investment team closely monitor existing portfolio companies. The team members discuss business progress with portfolio company management, and review detailed financial and other portfolio company-related information on a regular basis. A subset of the Firm's investment partners form a credit committee for each prospective investment and this committee is responsible for approving the investment and reviewing and approving any subsequent changes.

### **Reporting**

The Firm provides statements of account to all of the Funds' investors on a quarterly basis. Fund VII, Fund VIII, Fund IX, LLC IV, LLC V, LLC VI, LLC VII, LLC VIII, LLC IX, and the Equity Fund report financial statements, portfolio and other information quarterly to their shareholders or members. Investors receive annual audited financial statements within 120 days of the end of each fiscal year. In addition, each investor will be provided annually with an IRS Schedule K-1.

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

We do not currently directly or indirectly compensate any person who is not a supervised person for client referrals.

## **Item 15 – Custody**

The Firm is not a qualified custodian, and its practice is not to take actual or physical custody of client assets (and if it received such funds inadvertently, would handle them in compliance with SEC rules and guidance). Notwithstanding the foregoing, the Firm recognizes that by serving as managing member or general partner for the LLCs and Equity Fund it is deemed to have custody of these Funds' funds and securities for purposes of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). In circumstances where the Firm is deemed to have custody, it complies with the requirements of the Custody Rule, which requires, among other things, that a qualified custodian (for example, a bank or broker-dealer) maintain all client funds and securities, with certain exceptions for privately placed securities. The LLCs and Equity Fund are subject to an annual qualifying audit pursuant to an exception under the Custody Rule, under which these Funds: 1) conduct an annual financial statement audit by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board; and 2) distribute audited financial statements prepared in accordance with generally accepted accounting principles (GAAP) to the pool's investors. Under this exception, these Funds are not subject to the annual surprise audit, notice, and account statements provisions of the Custody Rule.

## **Item 16 – Investment Discretion**

Investment advice is provided directly to the Funds, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund.

## **Item 17 – Voting Client Securities**

The Firm has adopted written policies and procedures with respect to the proxies it votes on securities owned by the Funds (the "Proxy Policies"). The Proxy Policies set forth the Firm's policies for voting equity securities acquired by the Funds through the exercise of warrants or purchased directly from the issuer. The Firm will generally (i) refrain from voting equity securities unless the amount of such securities is equal to or greater than 2.0% of all securities of the issuer entitled to vote at that meeting, and (ii) if such threshold is exceeded, vote the equity securities and report its vote, together with its rationale, to the board of directors or advisory board of the relevant Fund. If there is a conflict of interest between Westech and the Funds with respect to voting their securities, it will be resolved in accordance with the Proxy Policies. The Firm has adopted policies and procedures that are reasonably designed to ensure it votes Fund securities in the best interest of the Fund.

Copies of the relevant proxy logs, identifying how proxies were voted in connection with a Fund are available to Fund investors and copies of the Proxy Policies are available to any person at no charge upon written request to: Western Technology Investment, 104 La Mesa Dr, Portola Valley, CA 94028, Attention: Chief Compliance Officer or by submitting a request to [compliance@westerntech.com](mailto:compliance@westerntech.com).

#### **Item 18 – Financial Information**

The Firm does not have any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients.