

**Item 1 - Cover Page**

**Form ADV Part 2A: FIRM BROCHURE**



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This Brochure provides information about the qualifications and business practices of Valor Management LLC (formerly known as Valor Management Corp.). If you have any questions about the contents of this Brochure, please contact us at (312) 683-1900. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Valor Management LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Valor Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

Valor Management LLC filed its most recent Brochure on December 21, 2020. This annual amendment updates the description of certain risk factors, business practices and advisory services of Valor Management LLC and its affiliates.

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#### **Item 4 - Advisory Business**

Founded in 2001, Valor Management LLC (formerly known as Valor Management Corp.), doing business as Valor Equity Partners, is a private equity firm focused on equity and equity-related, control and non-control investments in companies across various stages of development. Valor Equity Partners is an investment management company registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. Valor Equity Partners and its other affiliated advisory entities, including Valor Equity Advisors, L.P. (“Fund IV Advisor”), and the General Partners (defined below) (collectively, “Valor”), operate as a single advisory business and this Brochure describes the practices of all Valor entities. Valor is based in Chicago and has additional offices in New York, San Francisco, and Seattle.

Valor currently manages the following private equity growth funds: Valor Equity Partners II L.P. (“Valor II”) and Valor Equity Partners II-A L.P. (“Valor II-A” and together with Valor II, “Fund II”); Valor Equity Partners III, L.P. (“Valor III”) and Valor Equity Partners III-A, L.P. (“Valor III-A” and together with Valor III, “Fund III”); Valor Equity Partners IV L.P. (“Valor IV”), Valor Equity Partners IV-A L.P. (“Valor IV-A”), and Valor Equity Partners IV-B L.P. (“Valor IV-B” and together with Valor IV and Valor IV-A, “Fund IV”); Valor Equity Partners V L.P. (“Valor V”), Valor Equity Partners V-A L.P. (“Valor V-A”) L.P., Valor Equity Partners V-B L.P. (“Valor V-B”), Valor Equity Partners V Feeder L.P. (“Valor V Feeder” and together with Valor V, Valor V-A and Valor V-B, “Fund V”) (Fund II, Fund III, Fund IV, and Fund V collectively referred to as the “Growth Funds”).

Valor also manages Valor Siren Ventures I L.P. (“VSV I”), Valor Siren Ventures I-A L.P. (“VSV I-A”), and Valor Siren Ventures I-B L.P. (“VSV I-B” and together with VSV I and VSV I-A, “VSV”). VSV is focused on making early-stage food, food technology, and retail technology investments. VSV and the Growth Funds are collectively referred to herein as the Main Funds.

In addition, Valor manages Valor R&D Series LLC (“Valor R&D”), an investment vehicle primarily for Valor, its employees, its strategic advisors, and their respective families, as well as certain other investors. Valor R&D primarily invests in early-stage, smaller capitalized investments (referred to herein as “VC Investments”). While VSV and the Growth Funds can invest in VC Investments, subject to any applicable limitations in their Governing Documents (defined below), the investments made by Valor R&D are VC Investments that Valor has determined do not meet the presentment requirements of the Main Funds or are not suitable investments for the Main Funds (although the Main Funds are permitted to, and from time to time expect to, participate in subsequent opportunities to invest in certain Valor R&D portfolio companies (e.g., if they mature into Growth Fund opportunities) as authorized under the Governing Documents).

In addition, as further described in Item 11, from time to time, Valor provides certain existing investors or third parties the opportunity to participate in portfolio company investments through single purpose or co-investment vehicles managed by Valor (each, a “Co-Investment Fund,” and collectively, the “Co-Investment Funds”). Unless otherwise noted, references throughout this Brochure to “Funds” are generally intended to include the Main Funds, Valor R&D, and the Co-Investment Funds. Valor has the right to manage additional funds in the future and expects any future funds will have terms similar to the Funds.

Each Fund's general partner (or manager or managing member) (each, a "General Partner," and collectively, the "General Partners"), in accordance with SEC guidance, is deemed registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act") pursuant to Valor Equity Partners' registration. Fund IV is also advised by Fund IV Advisor. See Item 10 for further information about these entities. Each General Partner has the authority to make investment decisions on behalf of each respective Fund. Valor, and in the case of Fund IV, Fund IV Advisor, which is a relying adviser, provide certain day-to-day management services to the Funds.

Valor's investment advisory services to the Funds typically consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments, although Valor's investment advisory services to the Co-Investment Funds are provided with respect to only one portfolio company investment that was known to participating investors at the time they invested. Likewise, Valor provides investment advisory services to Valor R&D on an investment-by-investment basis since it does not have a portfolio construction mandate like the Main Funds. The Funds invest predominantly through negotiated transactions in private companies, although other types of investments (including, without limitation public companies) are permitted in certain instances. Valor personnel generally serve on portfolio companies' respective boards of directors or otherwise act to influence management of such companies, except in the case of companies in Valor R&D's portfolio.

Valor provides advisory services to each Fund in accordance with, as applicable, the Fund's private placement memorandum, investment management or advisory agreement, limited partnership (or similar) agreement, and side letters or similar agreements ("Side Letters") with certain investors in the Fund and any other governing documents (collectively, the "Governing Documents"). Valor provides and tailors its investment advice to each Fund based on its investment objectives, as described in its private placement memorandum or other Governing Documents, not based on the individual needs of Fund investors. Fund investors participate in the applicable Fund's overall investment program and generally cannot impose restrictions on Valor's investment advisory services or authority, although, in certain circumstances they are excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Governing Documents, or they may have entered into a Side Letter that has the effect of establishing rights under, or supplementing or altering the terms in, a Fund's partnership agreement or an investor's subscription agreement, including rights and alterations related to economic terms, fee structures, excuse rights, information rights, co-investment rights, or transfer rights. For the avoidance of doubt, such arrangements do not and will not create an adviser-client relationship between Valor and any investor. Valor's advisory services are further described in the applicable Governing Documents and generally in Item 8 below.

As of December 31, 2020, Valor had regulatory assets under management of \$7,272,063,700. Valor manages assets only on a discretionary basis.

Antonio J. Gracias is the ultimate majority owner and control person of Valor Management LLC (doing business as Valor Equity Partners). Specifically, Valor Management LLC has two members: Valor Management L.P. and Valor Funds Group LLC, which is the managing member of Valor Management LLC and the general partner of Valor Management L.P. Mr. Gracias is the managing member of Valor Funds Group LLC. In addition, through his direct holdings and as the

sole shareholder of Valor Holdings Corp., Mr. Gracias owns the majority of both Valor Management L.P. and Valor Funds Group LLC.

## **Item 5 - Fees and Compensation**

Typically, Valor receives a management fee and its affiliated General Partners are allocated carried interest (as more fully described in Item 6 below) as compensation for providing investment advisory services to the Funds. Valor's management fees, carried interest allocations, and terms related to other compensation payable to Valor and its affiliates are determined by Valor at the time of the establishment of the relevant vehicle and negotiated with participating investors prior to the time they invest. Below is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. Valor encourages existing and prospective Fund investors to review the applicable Fund's Governing Documents for further details regarding fees, compensation and expenses.

### **Management Fee**

The amount, timing, and method of calculation of a Fund's management fee is specified in the Fund's Governing Documents. Valor charges each Main Fund a management fee, generally 2% per annum. Certain Co-Investment Funds charge management fees, certain Co-Investment Funds offer investors a choice of terms that include management fee and no management fee options (the General Partner is entitled to a higher carried interest percentage under the no management fee options), and certain Co-Investment Funds do not charge a management fee, although Valor reserves the right to charge management fees with respect to any future Co-Investment Fund. Investors in Valor R&D are not charged a management fee. Generally, management fees are calculated initially based upon each investor's capital commitment for a stated period of time, which is typically the period of time during which each Fund is actively making investments, and thereafter (or upon the occurrence of certain specified events) any management fees payable are based upon each investor's invested capital, subject to various other factors as further described in the Fund's Governing Documents. Each General Partner has the authority, in its sole discretion, to waive all or a portion of the management fee for certain investors. Fees are generally waived for Valor employees, affiliates, and their families and strategic advisors investing in a Fund.

The Funds invest on a long-term basis, and investors generally cannot withdraw capital from the Funds. Accordingly, management fees are expected to be paid, except as otherwise described in the Governing Documents or agreed to with investors in the relevant Fund, throughout a Fund's life, including term extensions. The Funds pay Valor non-refundable management fees quarterly in advance, and Valor expects to call capital, use Fund borrowings, deduct from Fund investment proceeds, or take any other action permitted under the Governing Documents to satisfy amounts owed. Installments of the management fee payable for any period other than a full calendar quarter are adjusted on a *pro rata* basis according to the actual number of days in such period.

Certain Governing Documents permit the applicable General Partner or Fund IV Advisor to waive or reduce the management fee to which it is entitled in favor of Fund investors making a capital contribution to the Fund on behalf of the applicable General Partner or Fund IV Advisor. The amounts are effectively invested in the relevant Fund on behalf of, and operate to reduce the

amount of, capital required to be contributed to such Fund by, the applicable General Partner or Fund IV Advisor. For fee-bearing investors, capital contributions for management fees reduce such investor's unfunded commitment to a Fund. Waived or reduced management fees are not subject to the management fee offsets described below. Due to waived or reduced management fees by the relevant General Partner or Fund IV Advisor and/or timing of receipt of compensation subject to offsets (as described below), it is possible that management fee offsets will be delayed.

### **Management Fee Offsets**

As further described below and in the applicable Fund Governing Documents, from time to time Valor and its personnel expect to receive certain directors', break up, transaction, or monitoring fees, in the form of cash or equity, and management fees for the Main Funds are generally offset (although not below zero) by the receipt of such fees. Generally, 50% of Fund II's *pro rata* share of fees received and 100% of the other Main Funds' *pro rata* share of fees received offset the management fees otherwise payable, in each case as set forth in the applicable Fund's Governing Documents. In the event more than one Fund, including a Co-Investment Fund, is invested in a company paying such fees to Valor, then Valor expects to allocate the fees it receives across the participating Funds on a *pro rata* basis absent some other reason to allocate the amounts differently. Therefore, the receipt of such fees will reduce the management fee payable by any Fund(s) invested in such investment only with respect to a Fund's allocable portion on a fully diluted basis of any such fee and not the portion of any such fee that relates to any other Fund or person, which has the potential to be significant. The Governing Documents typically provide that to the extent that an offset credit would reduce the management fee for a given quarterly period below zero, the credit will be carried forward for future application against payable management fees, and if any excess credit remains unapplied at the Fund's final distribution of assets, each limited partner will receive its *pro rata* share of such excess unless it has previously elected to waive such amount (e.g., where an adverse tax consequence potentially will result to the limited partner). As further described in this Item 5 and elsewhere herein and in the applicable Fund Governing Documents, fees and expenses paid or reimbursed by a portfolio company or a Fund in connection with Operations Group Services (as defined below) and certain other services provided by Valor persons, such as compensation paid to a Valor person for serving as an employee of the portfolio company, are generally not subject to offset. Valor R&D and the Co-Investment Funds do not receive the benefit of a management fee offset or otherwise share in such fee income. Offsets are applied after taking into account certain expenses and any management fee waiver. For the avoidance of doubt, Valor also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

### **Offering and Organizational Expenses**

Each Fund is responsible for the payment of organizational and start-up expenses in amounts set forth in its respective Governing Documents.

### **Fund Expenses**

In addition to the management fee and carried interest allocation and the expenses described above under Offering and Organizational Expenses, the Funds bear certain expenses related to the Funds' (and their subsidiaries and intermediate entities') ongoing operations. As set forth more fully in

their respective Governing Documents, each Fund will pay, or reimburse Valor (or an affiliate thereof) for, all costs, expenses, liabilities, fees and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company or potential portfolio company or applied to reduce management fees), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), bidding on, acquiring, holding, owning, managing, monitoring, operating, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of or guarantees made by a Fund, its General Partner or any other "affiliated partners" on behalf of such Fund (including, without limitation, the repayment of principal and interest on, and fees and expenses arising out of, all borrowings and guarantees (and other credit support obligation) and the arranging thereof); (iii) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker, finder and similar services; (iv) brokerage, sale, custodial, depository, local representative and/or paying agent, trustee, record keeping, account and similar services (v) financing, commitment, origination and similar activities; (vi) legal (which includes expenses incurred in connection with complying with provisions in Side Letters or similar agreements and "most favored nations" provisions thereof and in the applicable Governing Document and winding up and liquidating a Fund), accounting, research, administration (including fees and expenses associated with any third-party administrator and administration, tracking or reporting software, if any), third-party valuations, appraisals or pricing services, auditing, tax and other professional services; (vii) reverse breakup, termination and other similar arrangements (collectively, "Broken Deal Expenses"), including Broken Deal Expenses to the extent not borne by any Co-Investment Funds; (viii) insurance (including, without limitation, directors and officers liability, errors and omissions liability, fidelity bond, management liability, cybersecurity, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses relating to any retention or deductibles and broker fees, costs and commission) and any consultants or other advisors utilized in connection with the foregoing; (ix) filing, title, transfer, survey, registration and other similar activities; (x) printing, communications, mailing, courier; (xi) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K 1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Forms D, and any other administrative, regulatory or other Fund-related reporting or filing), including fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xii) reporting, filings or other ongoing compliance requirements contemplated by the European Union Alternative Investment Fund Managers Directive, including secondary legislation, regulations, rules and/or associated guidance, and any related requirements (xiii) compliance with any financial account reporting regime and any similar



laws, rules and regulations, including any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing (including licensing fees paid to Valor with respect to any software or other intellectual property developed internally or otherwise received by Valor), implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, financial management, ledger systems and cybersecurity) or other administrative or reporting tools (including subscription-based services); (xv) any activities with respect to protecting the confidential or non-public nature of any information or data; (xvi) indemnification obligations (including legal and any other fees, costs and expenses incurred in connection with indemnifying any Partner or other person pursuant to the applicable Governing Documents and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the applicable Governing Documents), except as otherwise set forth in the applicable Governing Documents; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xviii) any governmental inquiry, investigation or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except for costs and expenses of any U.S. Securities and Exchange Commission inquiry, investigation or proceeding of a General Partner or Valor as a registered investment adviser and except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the applicable Governing Documents; (xix) except as otherwise determined by a General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any structuring or restructuring of any Fund entity (to the extent not allocated to a parallel vehicle); (xx) to the extent provided in the applicable Governing Documents, out-of-pocket costs and expenses of a Fund's advisory board (an "Advisory Board") and a Fund's *pro rata* share of the reasonable out-of-pocket costs and expenses of the strategic advisory members, in each case, incurred in their capacities as such; (xxi) the organization or maintenance of any holding vehicle or intermediate entity (such as a Luxembourg entity) used to acquire, hold or dispose of any one or more investment(s) or otherwise facilitating a Fund's investment activities, including, without limitation, any travel and accommodation expenses related to such entity, the salary and benefits of any personnel (including personnel of Valor or its affiliates) reasonably necessary and/or advisable for the maintenance and operation of such entity and other overhead expenses in connection therewith; (xxii) the termination, liquidation, winding up or dissolution of a Fund and any legal entities owned directly or indirectly by a Fund, including portfolio companies and related entities; (xxiii) defaults by partners in the payment of any capital contributions; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, any parallel vehicle, a General Partner, Valor, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or a parallel vehicle, including the preparation, distribution and implementation thereof (in each case, to the extent not allocated to the parallel vehicle); (xxv) (A) compliance with

the applicable Governing Documents and any Side Letter or similar agreements and “most favored nations” provisions thereof and compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy (including EU Data Protection Law and any similar regulations), data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto, any regulatory expenses of the General Partner incurred in connection with the operation of a Fund and any costs and expenses related to compliance with any environmental, social or governance investment considerations and policies of a General Partner and/or a Fund and/or (B) the validation of any payments made to a Fund or a General Partner in connection with any voluntary or compulsory review (including as a result of any anti-money laundering laws, rules or regulations); (xxvi) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by an investor or any investor’s name change, internal restructuring or change in registered agent or custodian; (xxvii) all out-of-pocket fees and expenses incurred, including by any Valor employee, in connection with any conference, meeting or webcast of the investors and any other meeting with any investors (including, without limitation, travel, set-up, lodging, dining, entertainment and related expenses); (xxviii) attendance at any meetings or conferences related to any portfolio company or prospective portfolio company (including any travel related thereto); (xxix) a Fund’s *pro rata* share of the costs of providing or making available the capacity to provide Operations Group Services to the extent not reimbursed (without generating any reduction in management fees) by an existing or prospective portfolio company or subsidiary thereof, which share of such costs, in the case of amounts paid to Valor persons by a Fund shall be subject to certain limitations described in the applicable Governing Documents; (xxx) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of a Fund (except to the extent that a Fund is reimbursed therefor by an investor or such tax, fee or charge is treated as having been distributed to the investors pursuant to the applicable Governing Documents) and any activities related to the “partnership representative” of a Fund; (xxxi) any travel, lodging, meals or entertainment relating to any of the foregoing, subject to limitations in the applicable Governing Documents; (xxxii) any of the items listed above relating to any investment, restructuring, taking public or private, disposition or other opportunity not consummated, including any opportunity offered to co-investors; (xxxiii) placement fees; (xxxiv) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles (“GAAP”); (xxxv) any excess organizational expenses (although they generally offset a Fund’s management fees (if there is one) as noted in applicable Fund Governing Documents); and (xxxvi) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

As a general matter, Broken Deal Expenses are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant.

The foregoing expenses may be borne directly by a Fund. In addition, in certain cases, these or similar expenses are expected to be charged to portfolio companies, capitalized into the cost basis

of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. The Funds may also bear expenses indirectly to the extent a portfolio company (or intermediate entity) reimburses or pays expenses, including expenses of Valor and/or its affiliates (see “Portfolio Company Remuneration”, below). Such expenses generally include travel to and from portfolio companies. For more information about expenses incurred for brokerage costs, please see Item 12 below. There will likely be circumstances where any such amounts which were expected or intended to be paid, reimbursed or borne by portfolio companies are not— in which case a Fund (and not Valor) will instead bear such expenses.

From time to time, a General Partner will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or a General Partner, Valor and/or other Funds, on the other. Certain expenses will be suitable for, and borne by, only the Funds, a particular parallel vehicle (as opposed to all of the entities in a Fund family), or one or more, but not all, participating Funds. For example, to the extent a Fund structures an investment using a blocker corporation or another intermediate entity to avoid causing its limited partners to incur certain types of income, the costs, expenses, and reductions in proceeds attributable to, and all taxes imposed on, such blocker corporation or other intermediate entity, are typically expected to be borne by the partners investing through such blocker corporation or intermediate entity. Or, as is more often the case, expenses may be allocated *pro rata* among each Fund (or related vehicle) in a Fund family and/or each Fund participating in an investment even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. In general, Co-Investment Funds and co-investors do not bear Broken Deal Expenses (and, conversely, do not share in any break up fees paid or received in connection with an unconsummated transaction). Valor will make such judgments in its good faith discretion in accordance with applicable Fund Governing Documents and Valor’s policies and procedures, notwithstanding its interest in the outcome, and may make corrective allocations after the fact should it determine that such corrections are necessary or advisable.

### **Operations Group Services**

Valor provides operational consulting services (the “Operations Group Services”) to portfolio companies of the Funds it manages. As Operations Group Services are provided, with consent of the portfolio company’s management team, Valor generally invoices the portfolio company for Operations Group Services at an agreed upon rate plus a per diem allowance for travel, lodging, and daily expenses per an engagement letter with each portfolio company. The daily rate is determined by Valor to be comparable to, or less than, what an external third party consultant would charge for similar operational consulting services. Valor’s determination of third party comparable fees is based on its subjective understanding obtained through its own hiring of third party consultants and other market information, and is not based on any comprehensive or formal evaluation that is updated on a regular basis. Consequently, Valor undertakes no minimum amount of benchmarking, does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate, and provides no assurances that amounts charged will match then-current market rates or that other service providers could not provide similar services at a lesser cost. Where such rates or terms include hourly components, Valor reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Each month, Operations Group personnel generally create time sheets, which are reviewed

by Valor's Finance department and appropriate partner working with the portfolio company, before being approved for billing.

For the avoidance of doubt, Operations Group Services fees and expenses charged to portfolio companies will not reduce or offset any management fees. In addition, as set forth in the applicable Governing Documents, Valor can recover certain Operations Group Services costs from the Main Funds, subject to certain dollar limitations. Each of the Main Fund effectively will bear, directly or indirectly, its share of Valor's costs and expenses associated with the provision of Operations Group Services.

In the event that collections for Operations Group Services are greater than the cost of the Operations Group to Valor, any profit is rebated back to the appropriate Fund, as described in the applicable Fund Governing Documents. To date, Valor has never realized any profit on providing Operations Group Services to portfolio companies (when determined by netting out the internal Valor costs for salary and other items of overhead for the personnel who provide Operations Group Services).

### **Third Party Professionals**

In addition to the Operations Group Services, Valor and its affiliates also engage and retain advisers, consultants and other similar professionals who are not employees or affiliates of Valor and who, from time to time, receive compensation from, or allocations with respect to, portfolio companies and/or other entities, including, but not limited to, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, incentive equity and stock awards, remuneration from Valor and/or its Funds or affiliates, a profits or equity interest in one or more Funds or General Partners and/or other compensation, and may be offered the opportunity to co-invest with the Funds, either directly or through a Co-Investment Fund. In addition, from time to time, Valor expects that one or more executives from current or former portfolio companies also will be utilized to provide strategic advice, operational expertise or other similar services (whether formally engaged or otherwise). Such individuals also may be offered the opportunity to invest in a Fund, including to co-invest either directly or through a Co-Investment Fund. In connection with any such co-investment(s) by advisers, consultants, portfolio company executives and other similar professionals, Valor reserves the right in its sole discretion to structure any such co-investment contribution as a loan from Valor to such individual, with such terms as are agreed between Valor and the individual. Any interest received by Valor in connection therewith will not be subject to offset against any management fees. These professionals may also incur expenses while working with Valor portfolio companies (such as travel expenses), and such expenses typically are paid or reimbursed either by the relevant portfolio company or the relevant Fund. In such circumstances, these amounts will not be deemed paid to or received by Valor and its affiliates and such amounts will not be subject to the fee offset arrangements described above. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and the relevant Fund therefore will bear costs, directly or indirectly, of such consultant and/or advisor compensation, as well as, in certain cases, fees, costs and expenses of structuring consultant and/or advisor arrangements.

## **Portfolio Company Remuneration**

Valor is permitted to receive director's fees, consulting fees, commitment fees, monitoring fees, break-up fees and success fees or other remuneration (including options, warrants or other equity securities), from existing or prospective portfolio companies. The amount of these other fees and remuneration are determined by Valor on a transaction by transaction basis, subject to the terms set forth in each Fund's Governing Documents. Monitoring fees are determined based on the complexity of the transaction and the associated portfolio company and are generally payable quarterly in advance. The Funds, as investors in the portfolio companies paying such fees, bear the costs of these fees indirectly, but, as further described in this Item 5, the *pro rata* portion of such fees attributable to the Main Funds offset in whole or in part the management fee of each Main Fund, as set forth in the applicable Governing Documents. However, any reimbursement received by Valor from a portfolio company for out-of-pocket expenses, as payment for services provided to a portfolio company in the ordinary course, as compensation to a Valor person for serving as an employee of a portfolio company, or as compensation for Operations Group Services will not be offset against the management fee payable by the Funds. Each Fund's reimbursement mechanism differs as per such Fund's Governing Documents. Valor does not accelerate monitoring fees.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Valor reserves the right to accrue, defer or forego payments of any such fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of management fee offsets with respect to such amounts until they are actually received.

## **Other Expenses**

Certain Valor personnel may be seconded to one or more portfolio companies and provide finance and other services to such portfolio companies; the compensation for such personnel during the secondment will be borne by the relevant portfolio company. To the extent Valor receives any fees or expense reimbursement from the portfolio companies with respect to such personnel, they will not result in any offset to the management fee payable by the relevant Fund.

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

The General Partners of the Main Funds and certain Co-Investment Funds are entitled to a performance-based fee, known as a carried interest distribution. Carried interest distributions are subject to clawbacks to the extent that a General Partner is paid in excess of its entitled distribution. This distribution structure is described in detail in each Fund's Governing Documents. Each Main Fund General Partner generally receives a 20% carried interest allocation subject to an annually compounded preferred return hurdle and subject to a full return of capital, including capital contributed for all relevant Main Fund partnership expenses, including management fees. With respect to Co-Investment Funds, the carried interest to which a Co-Investment Fund General Partner is entitled varies (including by investor with respect to Co-Investment Funds that offer investors management fee and carried interest options), but generally is no more than 20% and is subject to a full return of capital, including capital contributed for specified partnership expenses, including any management fees payable to Valor, and to an annually compounded preferred return

hurdle or a multiple of capital return hurdle. These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Main Fund reserves the right, in its sole discretion, to waive or reduce the amount of carried interest for an investor in a Fund. Specifically, Fund investors who are Valor principals and employees or their respective family and friends or strategic advisors generally pay reduced carried interest or none at all. Similarly, investors in Valor R&D do not pay carried interest.

The fact that each General Partner's carried interest distributions are based on the performance of the respective Fund creates an incentive for a General Partner to make investments that are more speculative than would be the case in the absence of such distributions. In addition, the manner in which a General Partner's entitlement to carried interest is determined is expected to subject the General Partners, from time to time, to potential conflicts between its interests and the interests of Fund investors with respect to the sequence and timing of disposals of investments. However, Valor believes this incentive is mitigated by the fact that any losses will reduce such Fund's performance and thus a General Partner's carried interest distributions.

Valor manages multiple Funds with similar investment strategies on a side-by side basis, including Funds that could potentially generate more carried interest for Valor or certain employees than other Funds. As a result of the foregoing, Valor and its personnel are subject to potential conflicts of interest in: (i) allocating time and activity among the multiple Funds; (ii) allocating investments among the multiple Funds; and (iii) effecting transactions among the multiple Funds, including ones in which Valor, the General Partners, or employees may have a greater financial interest. These conflicts of interest may create an incentive for Valor or its personnel to favor a Fund in which Valor, a General Partner, or one or more employees have a greater financial interest (e.g., a higher carried interest allocation or increased potential of earning carried interest) with respect to allocation of time and activity, limited investment opportunities, or investments that Valor regards as more attractive or better performing. As such, Valor has implemented policies and procedures designed to address investment allocations, and, in addition, the Funds' Governing Documents address allocations of investment opportunities. For a further description of allocation factors relevant to co-investment opportunities, please see Item 7.

## **Item 7 - Types of Clients**

Valor provides portfolio management services to its private fund clients, including: the Growth Funds, which focus on building portfolios of equity and equity-related, control and non-control investments, VSV, a fund focused on early-stage food, food technology, and retail technology investing; the Co-Investment Funds, which are single purpose or co-investment funds; and Valor R&D, which typically pursues early-stage investments with smaller capitalizations that Valor has determined are not required to be presented to or are not suitable for the Main Funds.

Investors in the Funds must meet certain suitability and other qualifications prior to making an investment in the Funds. In particular, the Funds limit their respective investors to persons who are "accredited investors" as defined in the Securities Act of 1933, as amended, and, depending on whether the investor is expected to pay performance fees and/or the exemption from registration as an investment company Investment Company Act of 1940, as amended (the "Investment Company Act"), being relied upon, "qualified clients" as defined in the Advisers Act and/or

“qualified purchasers” or “knowledgeable persons” as defined in the Investment Company Act. Fund investors include a broad range of U.S. and non-U.S. investors, including, among others, high net worth individuals, corporate pension plans, charitable institutions, foundations, endowments, public pension plans, trust programs and other U.S. and non-U.S. institutions, as well as executives of portfolio companies. In addition, employees and other persons associated with Valor and/or its affiliates are typically investors in the Funds.

The Main Funds stated minimum capital commitment for investors is \$5 million, but commitments of less than \$5 million have been, and can be, accepted at the discretion of the applicable Fund’s General Partner. There was no minimum contribution for investors in any other Fund.

Co-investment opportunities may arise whenever Valor has the opportunity for an investment in an existing or prospective portfolio company and Valor determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Valor selects the investors that are permitted to co-invest in a particular portfolio company in its sole discretion based on various factors, including any relevant provisions of the applicable Funds’ Governing Documents and such other factors as Valor considers in its sole discretion, including those that may be specified from time to time in its policies and procedures on investment allocation and co-investments as further described in the discussion of co-investment opportunities under the Conflicts of Interest section of Item 8. Opportunities to invest in a portfolio company are permitted to be made available to any person or entity, including, without limitation, strategic investors, lenders, deal sources, other private equity or venture capital firms, Fund investors, other persons or entities affiliated, associated or otherwise known to Valor or its personnel and unrelated third parties. The terms of co-investment arrangements vary. For example, some involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund that is also invested in the company. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund or Co-Investment Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Where appropriate, and in Valor’s sole discretion, Valor reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

While one or more investors in the Funds may be invited to co-invest in the Fund’s portfolio companies, Valor is permitted, in its sole discretion, to offer all or a portion of any co-investment opportunity to investors that are not investors in one or more of the Funds. Valor also reserves the right, in its sole discretion, to offer co-investment opportunities to some investors in its Funds while not offering them to other investors in its Funds, and to cause some Fund investors and/or other co-investors to bear a management fee and/or carried interest while not imposing a management fee and/or carried interest (or imposing a different management fee or carried interest) on other Fund investors and/or other co-investors. In Valor’s sole discretion, some Co-Investment Funds and/or co-investors may bear all or a portion of certain expenses (e.g., legal and other expenses associated with a portfolio company investment), while other Co-Investment Funds and/or co-investors do not share in such expenses. In certain cases, co-investment opportunities

may include opportunities to invest in Fund portfolio companies at a time when there is not a corresponding Fund investment or on different terms than any Fund investment.

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

Unless otherwise noted, all strategies and risks listed in Item 8 are generally applicable for all of Valor's Funds, although VSV is focused on making early-stage food, food technology, and retail technology investments, the Co-Investment Funds were each created to invest in a single portfolio company, and Valor R&D focuses on making VC Investments and therefore they generally have different investment objectives and risk profiles than the Growth Funds.

The Growth Funds focus principally on equity and equity-related, control and non-control investments in companies that Valor believes fit its operational growth investment strategy. For the Growth Funds, Valor seeks to identify and select high-growth, durable companies where the transition to a technology-enabled economy is an important growth driver. In selecting companies in which to invest, the Growth Funds focus on companies that Valor believes have achieved an inflection point in their ability to scale and are well positioned to continue to achieve their market, revenue, and operating goals ("Growth Companies"), although it opportunistically invests in other types of investments (including, without limitation, certain earlier stage companies). VSV is focused on making early-stage food, food technology, and retail technology investments. Additionally, pursuant to the relevant Governing Documents, certain Funds reserve the right to invest a portion of their commitments in an unrestricted manner (including, without limitation, in early-stage companies, publicly traded companies and other securities and investments outside the principal strategy of the applicable Fund).

Valor believes its continued ability to add value to companies through the use of its operations team, tools, and experience differentiates Valor significantly. Valor leverages its investment and internal operating capabilities to deliver value through market cycles from differentiated deal sourcing and tangible operating improvements. Valor generally does not use financial engineering or significant leverage to achieve investment returns. Rather, returns are principally achieved through growth in revenue, operating income, and returns on invested capital at Valor's portfolio companies.

Valor believes its team, combining extensive experience as entrepreneurs, operators, and investors, is well qualified to execute its investment strategy. Valor utilizes its systematic and relationship-driven deal generation process to yield a substantial number of compelling investment opportunities. Valor accesses differentiated and proprietary deal flow by capitalizing on important attributes of Valor. Valor has deep relationships with prominent industry executives and investment firms. Valor also maintains targeted dialogues with intermediaries who are experts in Valor's consumer, manufacturing, and services focus sectors.

Valor uses its in-house research capacity, tested deal screening and diligence processes, and unique operational viewpoint to select only what Valor considers to be the best opportunities for investment. Valor's senior professionals have successful entrepreneurial backgrounds established prior to joining Valor, and these form a core element of the foundation of Valor's culture, investment strategy, and unique mindset of viewing its portfolio companies as its "customers." As empathetic fellow operators, through its underwriting process, Valor's team develops a bond with



managers in order to build alignment. This alignment process is critical to ensuring that Valor can have a realizable and incremental impact on a company's ability to achieve its goals. With portfolio company CEOs frequently serving as excellent reference customers to help Valor capture new investments, the cycle of Valor's operational growth investment model continues.

## **Operational Value-Add**

Companies choose Valor as a partner to, among other things, benefit from Valor's experience and expertise in helping scale the business infrastructure, systems, and processes of companies. Having run high-growth businesses themselves, senior members of Valor's team have what they consider to be a unique empathetic viewpoint that builds credibility and enhances the partnership dynamic with entrepreneurs in Valor's portfolio. Valor believes that this entrepreneurial and operating experience, together with the expertise gained from subsequent investments, form the foundation of Valor's operating tools and the expertise used by Valor today.

Valor defines its portfolio companies as its "customers" and has designed its operational improvement products to support Valor's investments through critical scale inflection points. Valor has three core operational products focused on scaling a company's business infrastructure, including growth, business process lean, and data science. These tools are deployed in a variety of applications depending upon the needs of the company and the requirements of the business model. Valor also engages its team in special situations projects, such as fulfilling interim management positions, under certain circumstances.

Valor's operational products are designed to help companies scale while lowering execution risk. Valor partners with proven and talented executives that are deploying, or seeking to deploy, applied technology to fundamentally improve their product, service, and/or productivity. Valor works closely with a company's management team prior to closing an investment to accurately identify its constraints to achieving scale. Valor communicates, with what it views as full transparency, ways in which Valor's operational products can address and solve for these constraints.

## **Differentiated Investments**

Valor's investment selection is highly targeted and focused with the goal of generating opportunities with asymmetric risk profiles to construct a balanced portfolio across investment stages and sectors. Valor seeks to identify potential investments offering substantial upside opportunities where the risk of loss can be mitigated through Valor's operating team, tools, and investment structure. To achieve this objective, Valor has constructed an asset selection methodology, based on decades of experience and success, to identify and screen investments in durable companies. While Valor's method of finding such companies is well established and effective, Valor considers its ability to capture and close on highly sought-after investments as an equally critical competency. Frequently, well before an investment opportunity becomes available, Valor's team develops a relationship with the company and its management, highlighting Valor's skills and value-added proposition. It is customary for Valor to develop a dialogue with an entrepreneur over an extended period of time as it considers and evaluates an investment opportunity.

Valor's in-house research team typically first works to uncover attractive markets within Valor's focus sectors that are being, or that can be, disrupted through the application of technology. Valor then accesses its robust network to obtain investment ideas for Valor, including seeking direct referrals from earlier stage investors and industry executives, as well as engaging intermediaries with expertise in a selected market. Valor thereafter generally spends a substantial amount of time, sometimes measured in years, seeking out, and building relationships with, entrepreneurs and companies before it invests in a market. This commitment of time is important to Valor's ability to identify and create investment opportunities offering an asymmetric risk profile. It also allows for the development of both empathy and alignment between the Valor team and the entrepreneur.

Valor targets companies whose growth is being driven by the transition to the technology-enabled economy. Valor seeks investments in companies that have achieved an inflection point in their ability to scale and can benefit from Valor's operational support to enhance their infrastructure in growth, business process lean, and/or data science. Valor's operational resources impact the companies' ability to scale, improving upside returns and mitigating downside risk. These companies include Growth Companies with traditional products and services, seeking to apply technologically enabled tools to accelerate growth, as well as Growth Companies with technologically driven products, requiring solutions for traditional business challenges such as supply chain management and the development of sales infrastructures.

Valor's network is broad and geographically distributed, with members of Valor cultivating relationships across the U.S., as well as outside the U.S. Valor also focuses on diversifying its deal flow across sourcing channels to avoid concentration and potential misalignment of risk. Valor has had great success sourcing deals from its proprietary network.

Leveraging the experience and skills of Valor's senior team, comprised of former operating executives and entrepreneurs, Valor builds targeted dialogues with management teams that lead to greater understanding of goals, objectives, and strategy. Valor's investment of time and resources to create this understanding differentiates Valor as it cultivates relationships with entrepreneurs. Through the dialogue, the Valor team credibly illustrates how its tools, expertise, and resources enhance post-closing value creation. This positions Valor to successfully capture and close investments. Valor believes that companies will continue to choose Valor due to its reputation in the market as a value-added partner and the unique professional experiences its team brings to company boards and strategic decision making. In addition to the foregoing, Valor also is active in evaluating early-stage and venture-stage companies. Depending on the characteristics of a particular investment opportunity, Valor makes these types of investments through Valor R&D, VSV, or the Growth Funds, in each case to the extent permitted in the relevant Governing Documents.

## **Risk Factors**

No investment is free of risk. Current and prospective Valor investors are cautioned that investments in the Funds involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear those risks. All investors should be aware of certain risk factors, which include, but are not limited to, those outline below. Valor encourages prospective and existing investors to review an applicable Fund's Governing Documents for additional information.

In addition to the risks described below, investors should note that since VSV is focused on making early-stage food, food technology, and retail technology investments, its portfolio will likely be less diversified, its performance will likely be more closely tied to the performance of a few industries or sectors, and it may be more volatile, as compared to a fund with a broader mandate. Similarly, the Co-Investment Funds were each formed to invest in a single portfolio company so their performance will depend solely on the performance of that company.

*Reliance on the General Partner and Valor.* Valor and its affiliates have exclusive responsibility for the Funds' activities, and, other than as may be set forth in the Governing Document, investors will not be able to make investment or any other decisions in the management of the Funds (although a Fund's Advisory Board (if any) will have a role in reviewing and/or approving certain matters as more fully set forth in the Governing Document). Investors have no rights or powers to take part in the management of the Funds or make investment decisions and will not receive the amount of any portfolio company's financial information that is generally available to Valor. Valor will generally have sole and absolute discretion in structuring, negotiating and purchasing, financing, and eventually divesting investments on behalf of the Funds (subject to specified exceptions). The success of the Funds will depend on the ability of Valor's investment team to identify suitable investments, to negotiate and arrange the closing of appropriate transactions, and to arrange the timely disposition of portfolio investments. Valor's investment team and other professionals or entities that are themselves members or partners of the General Partners and/or Valor are subject to change, withdrawal and/or departure, including as more fully discussed herein. Valor may be unable to find a sufficient number of suitable attractive opportunities to meet the Funds' investment objectives. However, regardless of the extent to which the commitments of limited partners are invested (or drawn down to be invested), limited partners of the Main Funds bear management fees during the applicable Fund's commitment period based on the amount of limited partner commitments to such Fund and other expenses as set forth in the Governing Documents. No person should purchase an interest unless such person is willing to entrust all aspects of the management of the Funds to Valor.

*Risk of Limited Number of Investments; Dependence on Performance of Certain Investments.* The Funds are expected to participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since not all of the Funds' investments can reasonably be expected to perform well or even return capital, for the Funds to achieve above-average returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, investors have no assurance as to the degree of diversification of the Funds' portfolio investments, either by geographic region or asset type. To the extent a Fund concentrates investments in a particular issuer, sub-sector, security, or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto.

*Highly Competitive Market for Investment Opportunities.* The activity of identifying, completing, and realizing attractive investments that fall within the Funds' investment objective is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. The Funds will be competing for investments with other private investment vehicles, as well as individuals, companies, financial institutions, sovereign wealth funds and other investors. Further, over the past several years, an ever-increasing

number of private equity funds have been or are being formed (and many such existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus possibly reducing the number of investment opportunities available to the Funds and potentially adversely affecting the terms upon which investments can be made. Participation in auctions also increases the pressure on the Funds with respect to pricing of a transaction. Moreover, the Funds will incur due diligence costs, bidding costs, or other expenses on potential investments that may not be successful. As a result, a Fund may not recover all of its costs, which would adversely affect returns. Additionally, competition for investment opportunities from other investment vehicles has increased on a global scale. Private equity and other funds are making global competition increasingly intense. There can be no assurance that the Funds will be able to locate, complete, and exit investments that satisfy the Funds' investment objective, or realize upon their values, or that it will be able to invest substantially all its committed capital.

*European Union Alternative Investment Fund Managers Directive.* The European Union Alternative Investment Fund Managers Directive (the "Directive") was required to be transposed into the laws of the Member States of the European Union and subsequently incorporated into the European Economic Area Agreement by July 22, 2013. The Directive imposes requirements on non-European Economic Area ("EEA") investment fund managers ("AIFMs") which market alternative investment funds ("AIFs") to professional investors within the EEA. In particular, if a Fund is marketed in the EEA domestic laws implementing the Directive will require additional disclosure and reporting in relation to a Fund and its investments, compliance with which will involve additional costs, as well as restrictions on certain early distributions or reductions in capital in respect of EEA portfolio companies (the so-called "asset stripping" rules) which will result in additional costs and will limit the use of certain investment and realization strategies (such as dividend recapitalization and reorganization) which do not apply to non-AIF/AIFM competitors not subject to the Directive, thereby potentially placing a Fund at a disadvantage to such competitors. EEA home state regulators will also charge initial and/or periodic registration fees for registering a Fund for marketing to professional investors within their jurisdiction. More generally, implementation of the Directive could expose Valor or a Fund to conflicting regulatory requirements in the United States and the EEA.

In the future, it may be possible for non-EEA AIFMs to market an AIF within the EEA pursuant to a pan-European marketing "passport" instead of under national private placement regimes, provided that the AIFM complies with all relevant provisions of the Directive including, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on the use of leverage, additional disclosure and reporting requirements to both investors and EEA home state regulators, the independent valuation of an AIF's assets and the appointment of legal representatives and an independent depository to hold assets. Certain EEA Member States have indicated that they will cease to operate national private placement regimes when or shortly after the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the Directive in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, Valor may not seek to market interests in a Fund in those jurisdictions, which may lead to a reduction in

the overall amount of capital invested in a Fund. Alternatively, if Valor sought to comply with the requirements needed to use the passport, this could have other adverse effects including, among other things, increasing the regulatory burden and costs of operating and managing a Fund and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting Valor's ability to recruit and retain these personnel.

A Fund will bear the costs and expenses of compliance with the Directive and any related regulations, including, for example, costs and expenses of collecting and calculating data, the appointment of depositaries and/or the preparation of any notices, filings, periodic reports and/or other materials as may be required in relation to any EEA Member States.

*Economic and Market Conditions; Uncertain Economic, Social and Political Environment.* The success of a Fund's investment activities will be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which a Fund may invest. The global economic and political climate can be uncertain. Prior acts of terrorism, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for businesses, including credit used to acquire businesses, may be restricted. Valor could also be affected by difficult conditions in the capital markets and any overall weakening of the financial services industry. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. These factors affect the level and volatility of securities prices and the liquidity of a Fund's investments, which could impair a Fund's profitability or result in losses. In addition, general fluctuations in the market prices of securities and interest rates affect a Fund's investment opportunities and the value of a Fund's investments. Additionally, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

In addition, as private fund firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private fund industry has been subject to criticism by some politicians, regulators, and market commentators. This increased political and regulatory scrutiny of the private equity industry was particularly acute during the most recent global financial crisis. There is therefore a material risk that regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect

private equity firms and the funds they sponsor, including a Fund. Various federal, state, and local agencies have also been examining the role of placement agents, finders, and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. As a related matter, Valor may be required to provide certain information regarding some of the investors in a Fund to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act.

Furthermore, in addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of a portfolio company's operations, or implement laws or regulations affecting the portfolio company's operations, separate from any contractual rights it may have. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by or from a portfolio company or gains recognized by a Fund on its investment in such portfolio company, that could impact a portfolio company's business.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and Valor may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*Investments in Highly Levered Portfolio Companies; Use of Leverage.* Valor has historically used varying amounts of leverage, as investments in leveraged companies offer the opportunity for capital appreciation. Such investments, however, involve a higher degree of risk. The Funds' investments involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks (as well as particular risks associated with investing in technology companies described below) may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to

service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds may suffer a partial or total loss of capital invested in the portfolio company. In certain situations, more than one investment purchased by a Fund with the use of leverage may be held with the same bank, custodian or dealer. In such instances, these multiple leveraged investments may be linked and used to “cross-collateralize” the borrowings of the Funds. In the event that such investments are “cross-collateralized”, the Funds could experience concurrent liquidation on multiple investments to satisfy its borrowing obligations, and an adverse event or condition at or with respect to one portfolio investment could negatively affect and/or cause a loss of a different investment that would not otherwise be subject to such adverse event or condition. To the extent the entities or parties entering into a joint or cross-collateralized borrowing arrangement are portfolio companies or entities holding investments (and not the Funds itself), such borrowings will not be subject to the limits on borrowings by the Funds that are set forth in the Governing Document. The securities in which the Funds invests may be among the most junior in a portfolio company’s capital structure and, thus, subject to the greatest risk of loss. Generally, there will, in the case of equity investments, be no collateral to protect an investment once made.

*Illiquid and Long Term Investments.* It is anticipated that there will be a significant period of time before the more recent Funds will have completed making investments in portfolio companies. Such investments may take a number of years from the date of initial investment to reach a state of maturity, when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds’ investment prior to that time. Often, there will be no readily available market for investments made by the Funds. Disposition of such investments may require a lengthy time period or may result in distributions in kind to investors.

In most cases, there will be no public market for the securities held by the Funds at the time of their acquisition. The Funds will generally not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, the Funds likely will be prohibited by contract or other limitation in some cases from selling a portfolio company’s securities or other instruments for a period of time (e.g., due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result will not be permitted to sell a portfolio investment at a time it might otherwise desire to do so. To the extent that there is no liquid trading market for an investment, the Funds may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers for the Funds’ portfolio investments will be found. Upon dissolution of the Funds or as otherwise provided in the Governing Documents, securities or instruments may be distributed in-kind so that investors may then become minority shareholders in a number of unlisted companies (and as a consequence be unable to protect their interests effectively). There can be no assurance that investors will be able to dispose of such securities or instruments or that the fair market value of such securities or instruments determined by a Fund for purposes of the determination of distributions and the calculation of Valor’s carried interest ultimately will be realized. In addition, if a Fund receives distributions in-kind from any investment, it may incur additional costs and risks in connection with the disposition of such assets.

*Non-U.S. Investments.* A Fund is generally permitted to invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the U.S. Non-U.S. securities involve certain risk factors not typically associated with investing in U.S. securities,



including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and the costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which a Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (v) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (vi) certain economic, social, and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, political hostility to investments by foreign or private equity investors, the risks of political, economic, or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (vii) the possible application of complex U.S. and non-U.S. tax rules or cross-border investments, the possible imposition of foreign taxes on income and gains recognized with respect to such securities and possible non-U.S. tax return filing requirements for the Funds and/or their respective limited partners; (viii) less developed corporate laws regarding creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; and (ix) less publicly available information. Additionally, political and social instability in the countries in which a Fund invests could adversely affect such Fund's investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic, and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. The Funds generally do not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic, or social instability, or other economic or political developments could adversely affect the assets of the Funds held in a particular country.

*Non-Controlling Investments and/ or Investments with Third Parties in Joint Ventures and Other Entities.* The Funds can be expected to hold non-controlling interests in many of its portfolio companies and, therefore, may have no right to appoint a director and a limited ability to protect its interests in such companies and to influence such companies' management. Similarly, the Funds may co-invest with third parties through joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. Moreover, in the case where the Funds may co-invest, such investments will involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may in certain

circumstances be liable for the actions of its third-party partners or co-venturers. Investments made with third parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third-party partners or co-venturers. However, the Funds generally expect that appropriate minority shareholder rights will be obtained to protect its interests to the extent possible. There can be no assurance that such minority shareholder rights will be available or that such rights will provide sufficient protection of the Funds' interests. As is the case with minority holdings in general, minority stakes held by the Funds will have neither the control characteristics of majority stakes nor the valuation premiums often accorded majority or controlling stakes. It may be more difficult for a Fund to liquidate its minority interest in a company than it would be had the Fund owned a controlling interest in the company. Even if a Fund has contractual rights to seek liquidity of its minority interest in a company, it may be very difficult to sell such interest or seek a sale of the company upon terms acceptable to the Fund, especially in cases where other investors in the company have different business interests and investment objectives and goals.

*Investments in Public Companies.* The Funds' investment portfolio may contain securities or instruments issued by publicly held companies. Such portfolio investments will subject the Funds to risks that differ in type or degree from those involved with portfolio investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities or instruments at certain times, increased likelihood of shareholder litigation against such companies' board members, and increased costs associated with each of the aforementioned risks.

*Investments in Less Established Companies.* The Funds expect to make portfolio investments primarily in growth-oriented companies and, in certain circumstances, early-stage companies that have inherently greater risk than more established businesses. To the extent there is any public market for the securities held by the Funds, such securities generally are subject to more abrupt and erratic market price movements than those of larger, more established companies. Growth-oriented and early-stage companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Oftentimes, such companies also have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Certain growth-oriented and/or early-stage companies may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of the Funds' entire investment therein. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Funds invests, the Funds may suffer a partial or total loss of capital invested in that company. The foregoing factors also increase the difficulty of valuing such investments. There can be no assurance that any such losses will be offset by gains (if any) realized on the Funds' other investments.

*Concentration of Investments in the Technology Sector.* It is likely that the Funds' portfolio companies will be in or closely connected to the technology sector. Concentration in a single industry involves risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The technology sector is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products. The Funds' portfolio companies will compete in this volatile environment. There can be no assurance that products or services sold by

the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Instability, fluctuation, or an overall decline within the technology sector will likely not be balanced by investments in other industries not so affected as the Funds' investments are concentrated in the technology, technology-enabled, and related growth sectors. In the event that the technology sector as a whole declines, returns to investors will likely decrease.

*Concentration of Investments in the Food and Retail Sectors.* VSV's investments are expected to be made primarily in companies that are planning to provide, directly or indirectly, products, services and/or technology relating to food and retail. Concentration in a few, targeted industries involves risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The food and retail products, services and technology sectors are challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products. VSV's companies will compete in this volatile environment. There can be no assurance that products or services sold by the companies will not be rendered obsolete or adversely affected by competing products and services or that the companies will not be adversely affected by other challenges. Instability, fluctuation, or an overall decline within the food and retail products, services and technology sectors will likely not be balanced by investments in other industries not so affected as VSV's investments are concentrated in the food and retail products, services and technology. In the event that the food and retail sectors as a whole decline, returns to investors will likely decrease.

*Additional Capital.* Certain of the Funds' portfolio companies, especially those in a development or "platform" phase, may be expected to require additional financing to satisfy their working capital requirements or business development strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including the Funds. The Funds may make additional debt and equity investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such company in order to preserve the Funds' proportionate ownership when a subsequent financing is planned, or to protect the Funds' investment when such portfolio company's performance does not meet expectations. There can be no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. To the extent a portfolio company in which a Fund has invested receives additional funding in subsequent financings and a Fund does not participate in such additional financing rounds, the interests of the Fund in such portfolio company would be diluted. The availability of capital is generally a function of market conditions that are beyond the control of the Funds or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. In the case of investments involving a "platform company", the Funds will enter into an arrangement with one or more individuals (who may have experience or capability in sourcing and/or managing investments) to undertake a build-up strategy to acquire and develop assets and business in a particular sector or involving a particular strategy. The counterpart individuals may be compensated with a salary and/or equity incentive plan. In such circumstances, the Funds would initially invest capital to fund a portion of the overhead

(including rent, salary or retainers for the counterpart individuals) and sourcing costs for initial investments by the platform. Although the General Partner and its affiliates are generally responsible under the Governing Document for certain overhead expenses associated with sourcing and managing investments, as well as compensation costs of investment professionals, the Funds (and indirectly investors, and not solely the General Partner and its affiliates) will bear the cost of overhead and the sourcing of investments, as well as compensation for the related counterparties, for these platform companies.

*Investments in Bridge Financings.* From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments would remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments would not adequately reflect the risk associated with the position taken by the Funds.

*Hedging Policies/Risks.* In connection with the acquisition, financing, refinancing, or disposition of certain investments, the Funds are likely to employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if it had not entered into such hedging transactions.

*Reliance on Portfolio Company Management Team.* Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although Valor will be responsible for monitoring the performance of each investment, and the Funds seek to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with the Funds' plans. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Additionally, portfolio companies will need to attract, retain, and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate, and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

*Risk in Managing Portfolio Companies and Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of a Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such improvements. Additionally, to the extent a Fund acquires a control or control oriented interest in a portfolio company, a Fund will be exposed to risks inherent in owning or operating a business. The exercise of control over a portfolio company through a control position, or the service of an officer or employee of Valor and its affiliates as a director of a portfolio company, could (i) expose

the assets of a Fund to claims by such portfolio company, its security holders, and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations, and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur, a Fund, directly, and a Fund's investors indirectly, could suffer losses.

*Contingent Liabilities upon Disposition.* In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business, financial affairs and other aspects (such as property, tax, insurance and litigation) of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements will result in the incurrence of contingent liabilities for which Valor reserves the right to establish reserves or escrow accounts. In that regard, investors may be required to return amounts distributed to them to fund Fund obligations, including indemnity obligations, subject to certain limitations set forth in a Fund's Governing Documents and obligations under law.

*Uncertainty of Estimates and Financial Projections.* Estimates or projections of market conditions, commodity prices, and supply and demand dynamics are key factors in evaluating potential investment opportunities. These estimates are subject to wide variances based on changes in underlying commodity prices and technical assumptions. There can be no assurance that projected results will be obtained, and actual results may vary significantly from projections or assumptions. General economic conditions, which are not predictable, may also have a material adverse impact on the reliability of such projections. In addition, the actual condition of the portfolio companies or other elements of a portfolio company may be worse than anticipated, requiring adjustments such as additional capital or maintenance expenditures, which may not be recoverable, allocable to counterparties, or economic from a stand-alone perspective.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies.* Before making portfolio investments, Valor will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental, and legal issues. Outside consultants, legal advisors, accountants, investment banks, executives in residence ("EIRs") and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisers or consultants may present a number of risks primarily relating to Valor's reduced control of the functions that are outsourced. In addition, if Valor is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, Valor will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that Valor carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the portfolio investment being successful. There can be no assurance that attempts to provide downside protection with respect to portfolio investments

will achieve their desired effect and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk.

There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the portfolio investment on an ongoing basis. Conduct occurring at portfolio companies, even activities that occurred prior to the Funds' investment therein, could have an adverse impact on the Funds.

In the event of fraud by any portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Funds' securities and/or instruments in such portfolio company. The Funds will rely upon the accuracy and completeness of representations made by portfolio companies and/or their former owners in the due diligence process to the extent Valor believes reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Recycling; Reinvestment.* Valor has the right generally, in its sole discretion, to recall (or retain) an amount up to the cost basis of any portfolio investment, or any portion thereof, that has been disposed of within twelve months after the date such portfolio investment was made. Accordingly, during the term of the Funds, an investor may be required to make capital contributions in excess of its commitment. In addition, such reinvestment limits early distributions to investors, and to the extent such recalled or retained amounts are reinvested in portfolio investments, an investor will remain subject to investment and other risks associated with such portfolio investments. As a result, reinvestment increases the risk of investing in the Funds.

*Valuation of Portfolio Investments and Interests.* Generally, there is not expected to be an established market for the interests or for securities held by the Funds and there may not be any comparable companies for which public market valuations exist. Because there is significant uncertainty as to the valuation of illiquid investments, the values of such investments may not necessarily reflect the values that could actually be realized by the Funds. Under certain conditions the Funds may be forced to sell portfolio investments at lower prices than it had expected to realize or defer—potentially for a considerable period of time—sales that it had planned to make. In addition, under limited circumstances, Valor may not have access to all material information relevant to a valuation analysis with respect to a portfolio investment. As a result, the valuation of the Funds' portfolio investments, and as a result the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties. Valuations will generally not be audited or verified by any third party service provider.

*Indemnification.* A Fund will be required to indemnify Valor and its affiliates, partners, members, managers, employees, agents, advisers, and personnel and, if applicable, Advisory Board members for liabilities incurred in connection with the affairs of a Fund. Additionally, such parties will be entitled to exculpation by a Fund. Such liabilities may be material and have an adverse effect on the returns to the investors. The indemnification obligation of a Fund would be payable from the

assets of a Fund, including the unfunded capital commitments of the investors. If the assets of a Fund are insufficient, Valor reserves the right to recall distributions previously made to the investors, subject to certain limitations in the Governing Documents. It should be noted that Valor reserves the right to cause a Fund to purchase insurance for a Fund, Valor, and Valor's affiliates, agents, and representatives, but there can be no assurance that such insurance will cover any or all liabilities. Moreover, in its capacity as general partner of a Fund, Valor will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses).

*Deployment of Capital.* In light of a Fund's investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, it is expected that a Fund will from time to time maintain cash at the fund level pending deployment into investments, which could at times be significant. In the event a Fund were unable to find suitable investments such cash may be maintained at the fund level for longer periods which would be dilutive to overall investment returns. In addition, a Fund is generally permitted to fund investments using proceeds derived through fund-level borrowings (e.g., a secured subscription credit facility) on a long-term basis and/or in advance of calling capital from investors, which may be on a joint, several, joint and several or cross-collateralized basis or otherwise with parallel funds and/or other Funds. The costs and expenses of any such borrowings will generally be allocated among a Fund, such parallel funds and such other Funds *pro rata* (and to investors *pro rata*), which will increase the expenses borne by investors and would be expected to diminish net investment returns.

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

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General

Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) or to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses. In such instances, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The General Partners are authorized to use Fund-level borrowing to pay management fees and to reimburse Valor for expenses incurred on behalf of the Funds. A Fund is also permitted to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

*Limited Access to Information.* Investors' rights to information regarding the Funds will be specified, and strictly limited, in the Governing Document. In particular, it is anticipated that Valor will obtain certain types of material information from portfolio investments that will not be disclosed to investors because such disclosure is restricted based on contractual, legal, or similar considerations or obligations outside of Valor's control, or because Valor determines that such disclosure is not in the best interest of the relevant Fund (e.g., because it may adversely affect the value of a portfolio company). Decisions by Valor to withhold information may have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its interests may have difficulty in determining, or obtaining from the buyer thereof, an appropriate price for such interests. Decisions to withhold information also may make it difficult for investor to monitor Valor and its performance. Additionally, it is expected that investors who designate representatives to participate on a Fund's Advisory Board will, by virtue of such participation, have more information about the Fund and portfolio investments in certain



circumstances than other investors generally and will be disseminated information in advance of communication to other investors generally. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Valor reserves the right to withhold certain information from investors subject to such laws for reasons relating to Valor's public reputation, business strategy or other reasons.

*Amendments; Side Letters.* Fund Governing Document may be amended from time to time generally with the consent of the relevant Fund General Partner and a majority in interest of the investors, subject to certain exceptions set forth in the Governing Document. Under certain circumstances, failure to object or respond to a proposed amendment within certain time periods specified in the Governing Document may be deemed consent. The Governing Documents for each Fund sets forth certain other procedures for its amendment, including provisions allowing the General Partner to amend the Governing Document without the consent of the investors in certain circumstances. Valor reserves the right to enter into a Side Letter or other similar agreement with a particular investor with respect to the Funds without the approval or vote of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of the Governing Document or the subscription agreement related thereto with respect to such investor in a manner more favorable to such investor than those applicable to other investors. Any rights established, or any terms of the Governing Document or any subscription agreement related thereto, altered or supplemented in a Side Letter or other similar agreement with an investor will govern solely with respect to such investor notwithstanding any other provision of the Governing Document or any subscription agreement related thereto. Such rights or terms in any such Side Letter may include, without limitation: (i) excuse rights applicable to particular investments (the exercise of which will increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments); (ii) certain information rights or reporting obligations of Valor; (iii) waiver of certain confidentiality obligations and/or documentation that might be requested by Valor for the benefit of lenders or other persons extending credit to or arranging financing for a Fund; (iv) co-investment rights; (v) certain transfer rights; (vi) rights or terms necessary in light of particular legal, tax, regulatory, or public policy characteristics of an investor (including withdrawal rights in respect of political contribution, gift and other similar policies or restrictions established by investors affiliated with a government entity or agency) or (vii) matters regarding such investor's (or its affiliates') interest in providing debt financing to the relevant Fund or its portfolio companies. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

*Fund Expenses.* Expenses to be borne by the Funds will reduce the actual returns realized by investors on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds in investments). Fund expenses include recurring

and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time may exceed amounts expected or budgeted by Valor and/or investors of the Funds. Such expenses may be borne directly by the Funds or indirectly (because they were borne by portfolio companies) and will reduce returns to limited partners.

From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or a General Partner, Valor and/or other Funds, on the other, and/or whether certain costs and expenses should be allocated between or among the Funds, on the one hand, and other Funds, on the other. Certain expenses may be suitable for only the Funds, a particular parallel vehicle or a participating other Fund and borne only by such Fund, or, as is more often the case, expenses may be allocated *pro rata* among each participating other Fund and the Funds and all parallel vehicles even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. Valor will make such judgments in its good faith discretion, notwithstanding its interest in the outcome, and may make corrective allocations after the fact should it determine that such corrections are necessary or advisable.

*Cyber Security Breaches and Identity Theft.* Valor, its affiliates, the Funds, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. The use of internet- or cloud-based programs, technologies and data storage applications may heighten these risks. These information and technology systems are subject to a number of different threats or risks that could adversely affect the Funds and its investors, despite the efforts of Valor, its affiliates and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and its investors. For example, these systems are subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Third parties, including activists, criminal, nation-state or terrorist actors, may also attempt to fraudulently induce portfolio companies, employees, customers and/or third-party service providers or users of Valor's systems to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise inflict harm.

Although Valor will implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Valor, the Funds, the portfolio companies and/or a service provider thereof would have to make a significant investment to fix or replace them. The successful penetration or circumvention of the security of these systems, or a failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions Valor's, the Funds' and/or a service provider's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system and costs associated with system repairs. Such a failure could harm Valor's, the Funds' and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims,

compliance costs and otherwise affect their business and financial performance. Similar types of operational and technology risks are also present for the portfolio companies, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Valor, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and the overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Valor, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Valor, the General Partners, the Funds and/or their portfolio companies.

*United Kingdom ("UK") Exit from the European Union (the "EU").* On March 29, 2017, the UK formally notified the European Council of its intention to leave the EU ("Brexit"). The UK formally left the EU on January 31, 2020, and entered a transition period that ended on December 31, 2020. On December 24, 2020, the UK government and the EU Commission provisionally agreed to a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period.

Although provisionally agreed, the terms of UK's ongoing and future relationship with the EU are still uncertain, including the extent to which UK businesses will have access to the EU single market and the extent to which EU businesses will have access to the UK market. There is also risk of significant disruption to trade between the UK and the EU, particularly as new trade arrangements are in the process of being ratified and implemented.

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from the UK's exit from the EU may adversely affect both EU and UK-based businesses, including Valor and Fund portfolio companies, as applicable. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

## **Conflicts of Interest**

*Portfolio Company Relationships.* The Funds' portfolio companies may be counterparties or participants in agreements, transactions, or other arrangements with portfolio companies of other investment funds managed by Valor or other Valor affiliates that, although Valor determines to be consistent with the requirements of such Funds' Governing Documents, may not have otherwise been entered into but for the affiliation with Valor, and which may involve fees and/or servicing payments to Valor-affiliated entities that are not subject to the management fee offset provisions described herein. For example, Valor may, like other private equity firms, in the future cause portfolio companies to enter into agreements regarding group procurement, benefits management, data management and/or mining, technology development, purchase of title and/or other insurance policies (which may be pooled across portfolio companies and discounted due to scale) and other similar operational initiatives that may result in fees, commissions or similar payments and/or discounts being paid to Valor or its affiliates, consultants retained by Valor or a portfolio company, including related to a portion of the savings achieved by the portfolio company. In addition, portfolio companies of other Valor investment funds may do business with, support, or have other relationships with competitors of the Funds' portfolio companies, and in that regard prospective investors should not assume that a company related to or otherwise affiliated with Valor will only take actions that are beneficial to or not opposed to the interests of the Funds and its portfolio companies. For example, it is possible that certain portfolio entities of the other Funds or companies in which the other Funds have an interest will compete with the Funds for one or more investment opportunities.

Additionally, Valor hold equity or other investments in companies or businesses (even if they are not "affiliates" of Valor) that provide services to or otherwise contract with portfolio companies. In connection with such relationships, Valor also reserves the right to make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Valor that are tied or related to participation by portfolio companies). The Funds and the investors will not share in any fees or economics accruing to Valor as a result of these relationships and/or participation by portfolio companies.

Moreover, in connection with seeking financing or refinancing of portfolio companies and their assets, it may be the case that better financing terms are available when more than one portfolio company provides collateral, particularly in circumstances where the assets of each portfolio company are similar in nature. As such, rather than seeking such financing or refinancing on its own, a portfolio company of the Funds may enter into cross collateralization arrangements with another portfolio company of the Funds or portfolio companies of one or more other Funds. While Valor would expect any such financing arrangements to generally be non-recourse to the Funds

and the other Fund, as a result of any cross-collateralization, the Funds could also lose its interests in otherwise performing Investments due to poorly performing or non-performing investments of other Funds.

From time to time, a portfolio company owned by one or more Fund(s) has in the past (and may in the future) acquire, merge with or otherwise engage in a fundamental transaction with another portfolio company owned by the same or different Funds. Typically, these instances are expected to occur where Valor holds a non-control position in the relevant portfolio companies, and accordingly, is not responsible for making the determination whether to proceed with the proposed transaction. Conflicts of interest among different Funds can arise in these circumstances, and there can be no assurance that the proposed transaction will result in a benefit to the affected portfolio companies or that any resulting advantages ultimately will benefit the relevant Funds in a manner proportionate to their pre-transaction interests.

*Service Providers and Other Counterparties.* The service providers, counterparties or their affiliates (including any administrators, lenders, brokers, attorneys, EIRs, consultants, and investment banking firms) of the Funds, Valor, or any of their affiliates are permitted to be investors in the Funds and/or sources of investment opportunities and co-investors or counterparties therein. Additionally, certain employees of Valor may have family members or relatives employed by such advisors and service providers. This may influence Valor in deciding whether to select such a service provider or have other relationships with Valor. Notwithstanding the foregoing, investment transactions for the Funds that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that Valor believes to be of benefit to the Funds.

Valor, the Funds and the portfolio companies may engage common service providers from time to time. In such circumstances, there will be a potential conflict of interest between Valor, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that Valor will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. In certain circumstances, advisors and service providers, or their affiliates, charge different rates or have different arrangements for services provided to Valor or its affiliates as compared to services provided to the Funds and/or the portfolio companies, which result in Valor or its affiliates receiving more favorable rates or arrangements with respect to services provided to it by a common service provider than those payable by the Funds and/or the portfolio companies, or Valor or its affiliates receiving a discount on services even through the Funds and/or the portfolio companies receive a lesser, or no, discount. Valor, its affiliates, the Funds, the other Funds and/or their portfolio companies are permitted to enter into agreements or other arrangements with service providers, vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with Valor) from time to time whereby such counterparty may charge lower rates and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including, without limitation, volume of transactions entered into and potential transactions to be entered into with such counterparty by Valor, its affiliates, the Funds, the other Funds and/or their portfolio companies in the aggregate. Additionally, Funds, their portfolio companies and/or Valor itself will from time to time engage

investment banks or other similar financial advisors in connection with specific projects. In most cases, the costs and expenses of these third parties will be borne (directly or indirectly) by the Funds and investors (and not Valor). However, one of the tangible and/or intangible benefits from these relationships includes general referral of investment opportunities, which opportunities may inure to the benefit of other Funds and/or Valor (and not necessarily the parties bearing the cost of the particular engagement that created, enhanced or supported the underlying relationship that came to produce such opportunities in the first place).

In connection with its services to the Funds and their investments, Valor, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Valor's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Valor and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Valor Information"). In many cases, Valor Information will include tools, procedures and resources developed by Valor to organize or systematize Valor Information for ongoing or future use. Although Valor expects its Funds and their portfolio companies generally to benefit from Valor's possession of Valor Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which Valor Information was originally received or derived. Valor Information will be the sole intellectual property of Valor and solely for the use of Valor. Valor reserves the right to use, share, license, sell or monetize Valor Information, without offset to management fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization.

*Positions with Portfolio Companies.* Certain partners, employees and members of the General Partner and its affiliates serve as directors (or in a similar capacity) of portfolio companies. Positions on boards of directors or advisors of such portfolio companies often provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of such portfolio companies that are not necessarily available to other investors. While conflicts of interest may arise in the event that such person's fiduciary duties as a director conflict with those of the Funds, it is expected that the interests will mostly be aligned. Additionally, such persons will be required to remit to Valor any remuneration they receive as directors on behalf of Valor. Such remuneration will then be subject to any applicable sharing or offset arrangements. A member of the Operations Group may serve as a director of a portfolio company, and in such case it is expected that his/her remuneration will not be remitted to Valor nor offset (even if any such payment reduces or is credited against any retainer or other payments that would otherwise be paid or borne by Valor). In addition, employees of Valor may leave the employment of the General Partner or its affiliates to become an officer or employee of a portfolio company (including a former portfolio company that has been disposed of). At such time, any remuneration received by such persons, including for any board service, will no longer be remitted to Valor nor will it be subject to the offset arrangements. Likewise, consultants, including certain EIRs, retained by Valor may serve as directors, officers, or employees of a portfolio company (including a former portfolio company that has been disposed of), and any remuneration paid to such persons will not be remitted to Valor or reduce or offset any management fees.

In addition, from time to time certain partners, employees and members of Valor will serve in bona fide management capacities (or other operational capacities involving a material portion of such person's business time) at portfolio companies. In such cases, the Advisor will not offset compensation directly or indirectly received by such employees or members pursuant to the relevant Governing Document.

*Advisory Board.* Each Main Fund will establish an Advisory Board, consisting of representatives of investors. A potential conflict of interest may exist when some, but not all, investors are permitted to designate a member to the Advisory Board. Valor may also consult with an Advisory Board as to certain potential conflicts of interest, which could be disadvantageous to the investors, including those investors who do not designate a member to the Advisory Board. The Main Funds' Governing Documents generally provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary or other duties to the Main Funds or any other investor, other than to act in good faith. In addition, Advisory Board members may have various business and other relationships with Valor, its affiliates, the Funds, and Fund portfolio companies, as well as with competitors to Valor, its Funds, and their portfolio companies. These relationships may influence their decisions as Advisory Board members. In addition, there may be substantial overlap among Advisory Boards which could lead to conflicts of interest if there are transactions between such Funds that require Advisory Board approval.

*Conflicting Fiduciary Duties to Other Funds.* Valor may structure an investment as a result of which one or more vehicles or other collective investment vehicles or accounts primarily investing in senior secured loans, distressed debt, subordinated debt, high-yield securities, and other similar debt instruments are offered the opportunity to participate in the debt tranche of an investment allocated to the Funds. Additionally, the Funds are generally permitted to purchase investments in which another Fund or account already has or is acquiring an interest, or otherwise another Fund or account may purchase an investment in a portfolio company of the Funds, and is permitted to do so at different points in time. As investment adviser to both the Funds and the other Funds or accounts, Valor would owe a fiduciary duty to the other Funds or accounts as well as to the Funds. If the other Funds or accounts were to purchase high yield securities or other debt instruments of a portfolio company, or if the Funds were to acquire an equity interest in a portfolio company in which the other Funds or accounts then holds or is acquiring an interest in the debt of such portfolio company, Valor expects, in certain instances, to face a potential conflict of interest in respect of decisions made with regard to the other Funds or accounts and the Funds (e.g., with respect to the terms of such high-yield securities or other debt instruments, the enforcement of covenants, the terms of recapitalizations, and the resolution of workouts or bankruptcies).

*Investments in Which Other Valor Funds Have a Different Principal Investment.* A Fund typically is permitted to co-invest with other Valor Funds (including co-investment or other vehicles in which Valor or its personnel invest and that co-invest with such other Valor Funds) or accounts in investments that are suitable for more than one Fund or account. To the extent a Fund holds or acquires securities or instruments that are different (including with respect to their relative seniority) than those held or acquired by one or more other Funds, Valor and its affiliates may be presented with decisions when the interests of the two funds are in conflict. In that regard, actions may be taken for one or more Funds that are adverse to other Funds. In addition, it is possible that in a bankruptcy proceeding a Fund's interest may be subordinated or otherwise adversely affected by virtue of another Fund's involvement and actions relating to its investment. In connection with

negotiating senior loans and bank financings in respect of Valor-sponsored private equity transactions, Valor may obtain the right to participate on its own behalf (or on behalf of vehicles or accounts that it manages) in a portion of the senior term financings with respect to such Valor-sponsored private equity transactions on an agreed upon set of terms. Where multiple Funds invest in the same company, Valor allocates expenses to the participating Funds in its good faith discretion. If multiple Funds invest in the same company at different times, the aggregate expenses borne by each Fund in connection with an investment in the same company will likely differ and will not necessarily be proportional to the size of each Fund's investment holdings in the company due to a variety of factors, including the timing and level of diligence undertaken and transaction fees, costs and expenses incurred in connection with each investment (which, in each case, depending on the circumstances of an opportunity, can be greater for a later and/or more substantial investment).

*Overlapping Investments and Fund Borrowing Arrangements.* Although Valor generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such case, Valor intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

*Venture Capital Investing by Valor Team.* As mentioned in Item 4 above, many of the Valor team members, as well as their family, affiliates and related vehicles/accounts, make personal venture capital investments outside and away from the Funds and through Valor R&D. Such principal investing has historically been undertaken largely through Valor R&D. Investments in Valor R&D are primarily early-stage, smaller capitalized investments that are determined by Valor at the time of initial investment as generally not appropriate for an investment by the other Funds. Investors in Valor R&D are comprised predominantly of Valor principals and employees. The existence and operation of Valor R&D and any personal venture capital investing of the Valor team are activities separate and distinct from the investment activity of any other Fund and the other Funds and their investors do not participate in or share in any investment proceeds from Valor R&D or any member of the Valor team's personal investment activity. While it is possible that third parties, including investors in other Funds, selected by Valor in its discretion may participate in venture capital investments through or alongside Valor R&D (as has been the case in limited circumstances in the past), there can be no assurance any such opportunities will be offered to investors. Such activities require time and attention that, while Valor does not expect them to interfere in any material respect with the Funds, may otherwise have been devoted to the Funds. To the extent any company in which Valor R&D has invested matures, e.g., from the "venture capital" phase to the Growth Company stage, Valor reserves the right to cause the Main Funds to avoid investing in such company to avoid potential conflicts of interest. Alternatively, Valor reserves the right to determine that it is appropriate for the Funds to seek to invest in such company, in which such case such potential conflict of interest will be addressed by Valor as permitted by the Governing Documents. The Growth Fund Governing Documents generally require disclosure to the relevant Fund Advisory Board on an annual basis regarding the venture capital investments made by the



Valor team through Valor R&D or outside of the Funds to the extent the Valor team believes it might want the Fund to invest in the applicable company in the future.

*Other Trading, Investing, and/or Portfolio Company Activities.* Certain Funds, including vehicles that invest for Valor personnel and family, reserve the right to invest in securities or instruments of venture capital companies (as noted elsewhere herein), publicly traded companies or private companies, including those that are actual or potential portfolio companies. The investing and trading activities of those vehicles may differ from or be inconsistent with activities that are undertaken for the account of a Fund in such securities or related securities. In addition, a Fund may not pursue an investment in a potential or actual portfolio company as a result of such investing or trading activities by other Valor Funds or accounts. Additionally, if Valor personnel serve on the boards of directors (or other similar committees or bodies) of a Fund portfolio company, then such Valor personnel will have fiduciary duties or other similar obligations to such portfolio company and/or its other constituents. While Valor personnel would generally assume such positions in order to promote the interests of a Fund, Valor may not be able to put the interests of a Fund ahead of the interests of such portfolio company or its constituents and/or it is possible that Valor will be unable to take certain actions in respect of a Fund that it otherwise would have taken had such personnel not served in any such capacities. In certain cases, such as where a portfolio company engaged in an operating business is contemplating a strategic transaction, a Fund or Valor may come into possession of material, non-public information or otherwise become bound by confidentiality, standstill, or other obligations. As a result, the activities of and information within a portfolio company may result in a Fund being required to forego certain investment or divestment activity and may otherwise restrict the ability of a Fund to engage in certain activities that would not be prohibited but for such relationships.

Valor employees are generally permitted to invest in alternative investment funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of a Fund and may trade in securities for their own accounts, subject to Valor's compliance policies and procedures, including its Code of Ethics described in Item 11, and restrictions and reporting requirements as may be required by law or otherwise determined from time to time by Valor. Consultants, including certain EIRs, retained generally have fewer trading restrictions than Valor employees. Investors will not receive any benefit from any such investments.

In addition, other present and future activities of Valor and its affiliates will from time to time give rise to additional conflicts of interest relating to the Funds and their investment activities. In the event that any such conflict of interest arises, Valor will attempt to resolve such conflicts in a manner it believes is fair and equitable to the Funds under the circumstances over time.

*Other Collective Investment Vehicles; Allocation of Investment Opportunities.* Valor and its affiliates expect, from time to time, to be presented with investment opportunities that fall within the investment objective of the Main Funds and another Fund or account now existing or to be formed in accordance with the Governing Document. Situations where an investment is permitted to be shared or allocated away from the Funds can also arise as a result of the fact that Valor and its affiliates have the ability to form, sponsor, and/or manage other funds or pooled investment vehicles that are not a successor fund. Such investment funds may be ancillary or accretive to, or otherwise supplement, a Fund's investment program, including, without limitation, the establishment of securitized vehicles or trading vehicles. In the event Funds hold different

securities or instruments (including with respect to their relative seniority, and whether such securities or instruments are purchased contemporaneously or otherwise), Valor and its affiliates may be presented with decisions when the interests of the Funds are in conflict.

Valor will generally allocate such opportunities that are otherwise required to be presented to the Funds pursuant to the Governing Document among the Funds (e.g., VSV's Governing Documents provide that up to 50% of certain investment opportunities will be offered to the Growth Funds) and such other Fund or account on a basis that it reasonably determines in good faith to be fair and reasonable taking into account the sourcing of the transaction, the nature of the investment focus of each such other Fund, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals, any requirements contained in the Governing Documents of such other funds, and other considerations deemed relevant by Valor in good faith. Valor reserves the right to develop and update policies and methodologies that govern the allocation of investment opportunities. The application of those guidelines is expected to result in the Funds not participating (and/or not participating to the same extent) in certain investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such guidelines and/or based only on the circumstances of those particular investments.

As a result of the foregoing, the Funds may not participate (and/or not participate to the same extent) in certain investment opportunities in which they would have otherwise participated had the related allocations been determined without regard to such methodology and/or based only on the circumstances of those particular investments. In addition, allocation of such opportunities by Valor requires it to make subjective judgments regarding application of the above guidelines. Any such judgments and application involve inherent conflicts and risks that assumptions regarding investment opportunities will not ultimately prove correct. For example, debt investments that were determined to have expected equity-like returns may ultimately produce returns that are more consistent with a debt fund with lower-return objectives (and vice-versa). As such, there can be no assurance that the subjective judgments made by Valor will prove correct in hindsight. Furthermore, certain of such other Funds may also receive priority with respect to Valor's ability to allocate investment opportunities, including where such opportunities are within the common objectives and guidelines of the Funds and another Fund (which allocations are to be made on a basis that the General Partner believes in good faith to be fair and reasonable).

Valor reserves the right, in its discretion, to provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, including EIRs, consultants retained by Valor and current or former portfolio company executives, in each case on terms to be determined by Valor in its discretion. With respect to co-investments by EIRs, consultants and/or portfolio company executives, Valor reserves the right in its sole discretion to structure any such co-investment contribution as a loan from Valor to such individual. Conflicts of interest have the potential to arise in connection with the allocation of co-investment opportunities. The allocation of co-investment opportunities, which are permitted to be made to one or more persons for any number of reasons as determined by Valor in its discretion, may not be in the best interests or any individual limited partner. There is no guarantee for any investor that it will be offered any co-investment opportunities. As a general matter, the allocation of co-investment opportunities is discretionary, and it is expected that many investors who may have expressed an interest in co-investment opportunities may not be allocated any co-investment opportunities or may receive a

smaller amount of co-investment opportunities than the amount requested. Valor will take into account various facts and circumstances deemed relevant by Valor. Such factors are likely to include, among others, (i) the ability and expected interest of the prospective investor to participate in the applicable investment and meet the desired due diligence, approval and funding timetable; (ii) Valor's prior experience with the prospective investor, including as a Fund investor and in prior co-investments, as well as the prospective investor's general reputation and experience as a co-investor; (iii) Valor's anticipated alignment of interest with the prospective investor, including with respect to investment objectives, exit timing, degree of involvement in oversight, risk appetite, interest and ability to fund anticipated follow-on investments; (iv) any expertise or experience of the prospective investor that is relevant to or otherwise of strategic or other value to Valor, the Funds or the particular investment; (v) any anticipated legal or regulatory complications involving the prospective investor; (vi) Valor's expectations regarding the portfolio company's and any other investor's view of the prospective investor's participation in the co-investment; (vii) the degree to which the prospective co-investor has committed to and been supportive of the existing Funds, and Valor's expectations regarding the prospective co-investor's participation in and support of future Funds; and (viii) whether the prospective co-investor is willing to bear a carried interest and/or a management fee and in what amounts. Participation in co-investments or a co-investment transaction will be at the sole discretion of Valor, and Valor reserves the right to offer any or all of such co-investment participation to investors that are not limited partners of a Fund. In addition, Valor reserves the right to agree with investors in the Funds or as a part of an overall strategic relationship with Valor to more favorable rights with respect to co-investment opportunities, and to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to limited partners. Additionally, from time to time, certain service providers (e.g., lenders, law firms, investment bankers, or strategic consultants) seek to negotiate co-investment opportunities, including as a component of their compensation or in exchange for granting better terms to Valor, a Fund or portfolio company in connection with the services provided. To the extent Valor acknowledges an investor's general interest in participating in co-investments, Valor will not be required to actually present any co-investment to such investor. In certain circumstances, where the co-investor is providing strategic or other services to the applicable portfolio company or Fund, the co-investment may reduce the amount that otherwise may have been invested by the relevant Fund.

In addition, Valor will have an incentive to offer certain potential co-investors the opportunities to co-invest since the amount of carried interest and/or management fee to which Valor and/or its affiliates are entitled under the arrangements with such co-investors with respect to such co-investor's participation in the Funds and/or other Funds may depend on, among other things, the extent to which such co-investors participate in co-investments. Such incentives will from time to time give rise to conflicts of interest, and there can be no assurance that any investment opportunities that would have otherwise been offered to the Funds will be made available to the Funds. Co-investments may be offered by the General Partner on such terms and conditions (including with respect to management fees, carried interest and related arrangements) as the General Partner determines in its discretion on a case-by-case basis. In connection with any such co-investment by third-party co-investors, Valor may establish one or more investment vehicles managed or advised by Valor to facilitate such co-investors' investment alongside the Funds.

Co-Investment Funds and co-investors typically invest and dispose of their investments in the applicable portfolio company at the same time and on substantially the same terms as the Funds

making the investment. However, from time to time, for strategic and other reasons, a Co-Investment Fund or co-investor may purchase a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio company.

There may be circumstances, including in the case where there is a seller who is seeking to dispose of a pool or combination of assets, properties, securities or instruments, where more than one Fund participates in a single or series of related transactions with a particular seller where certain of such assets, properties, securities or instruments are specifically allocated (in whole or in part) among such Funds. The allocation of such specific items generally would be based on Valor's determination of, among other things, the expected returns for such items, and in any such case the combined purchase price paid to a seller would be allocated among the multiple assets, properties, securities or instruments based on a determination by the seller, by a third-party valuation firm and/or by Valor and its affiliates. The same and converse may be true where a purchaser is seeking to purchase in one transaction multiple investments that are owned by the Funds.

*Allocation of Personnel.* Valor and its affiliates will devote such time as necessary to conduct the business and operational affairs of the Funds in an appropriate manner and as provided by the Governing Documents. Valor personnel may work on other projects, including other Funds, SPACs, and vehicles and/or accounts as provided in the relevant Governing Document. Such personnel may also serve as members of the boards of directors of various entities other than portfolio companies. Conflicts may arise as a result of such other activities. The possibility exists that such entities could engage in transactions that would be suitable for the Funds, but in which the Funds might be unable to invest. In addition, from time to time, Valor personnel are expected to provide non-investment support services for certain Valor affiliates, including VSQM (as defined herein).

Except to the extent prohibited by the Governing Documents, Valor and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto.

*Diverse Investor Group.* The investors are expected to be based in a wide variety of jurisdictions and take a wide variety of forms. 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 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. As a consequence, conflicts of interest may arise in connection with the decisions made by Valor, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, Valor will consider the investment and tax objectives of a Fund and its investors as a whole, not the investment, tax, or other objectives of any investor individually. As a consequence of the foregoing, Valor may elect to exclude certain investors from particular investments for legal or

regulatory reasons applicable to any such investment, in which case non-excluded investors shall be allocated a greater proportionate interest in such investment.

In addition, certain investors will likely be investors in other Funds. Investors may also include affiliates of Valor, such as other Funds, charities or foundations associated with Valor personnel and/or current or former Valor employees, EIRs Valor's strategic advisors, or consultants retained by Valor and any such affiliates, funds or persons may also invest through co-investment vehicles. It is also possible that the Funds or the Funds' portfolio companies may be counterparties or participants in agreements, transactions, or other arrangements with an investor or an affiliate of an investor. Such investors described in the previous sentences will therefore have different information about Valor and the Funds than investors not similarly positioned. Prospective investors should note that, to the extent members of an Advisory Board or limited partners in a Fund vote on any matter regarding conflicts (including conflicts between multiple Funds) or otherwise participate in matters involving a vote or action thereby, any such limited partner could have an interest in multiple Funds and, as a result, may not be motivated to vote solely in accordance with its interests related to such Fund. Additionally, not all investors monitor their investments in vehicles such as the Funds in the same manner. For example, certain investors may periodically request from Valor information regarding the Funds and investments and/or portfolio companies that is not otherwise set forth in (or has yet to be set forth) in the reporting and other information required to be delivered to all investors.

In such circumstances, Valor may provide such information to such investor, but just because it has provided such information upon request by one or more investors does not mean Valor will be obligated to affirmatively provide such information to all investors (although Valor will generally provide the same information upon request and treat investors equally in that regard). As a result, certain investors may have more information about the Funds than other investors, and Valor will have no duty to ensure all investors seek, obtain or process the same information regarding the Funds and its investments and/or portfolio companies.

For information regarding the types of securities and portfolio companies in which Funds invest and the risks associated therewith, please see Item 4.B and Item 8.A, above. Please see 8.B above for risks posed by investing in such securities.

## **Item 9 - Disciplinary Information**

No events have occurred at Valor that are applicable to this Item.

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

Neither Valor nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. Similarly, neither Valor nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing. V-Square Quantitative Management LLC ("VSQM"), a separately registered investment adviser affiliated with Valor, constructs public markets portfolios focusing on alternative risk premia-styles while incorporating risk factors derived from environmental, social and governance signals. In addition, related persons and affiliates of Valor

historically have engaged, and expect to continue to engage, in certain other investment businesses, including making investments in or providing services with respect to non-securities related real estate-related assets and ventures (and expect in some cases to continue making such investments and providing such services), separate from and outside of Valor's advisory business. The activities of these affiliates are separate from Valor. Certain Valor personnel are involved in the governance, but not the day-to-day operation or advisory services, of these affiliates and provide non-investment support services to them.

Valor has made certain regulatory filings with European regulators as part of VSV and Fund V's compliance efforts with the European Union Alternative Investment Fund Managers Directive. In addition, Valor V Feeder is registered with the Cayman Islands Monetary Authority. As described above in Item 4, Valor is affiliated with Fund IV Advisor, a relying adviser that has made certain regulatory filings with European regulators as part of Fund IV's compliance efforts with the European Union Alternative Investment Fund Managers Directive, and the General Partners (see Schedule D, Item 7.A of Form ADV, Part 1 for names of the General Partners) which are deemed registered with the SEC under the Advisers Act pursuant to Valor's registration. Valor provides personnel and other services to the General Partners and other affiliated entities. These affiliated investment advisers operate as a single advisory business together with Valor and serve as general partners, managers, or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants or persons occupying similar positions.

As mentioned in Item 4 above, Valor also manages Valor R&D, which makes VC Investments. Investors in Valor R&D are comprised predominantly of Valor principals and employees. This entity is disclosed in Valor's recent Fund offering documents and its investments are also regularly reported to the Main Fund Advisory Boards that require such reporting.

Valor has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or their investors.

Valor has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other personal services. Some of these professionals may provide services to or invest in the Funds or their portfolio companies.

From time to time, Valor receives training, information, promotional material, meals or gifts from vendors and others with whom it may do business or to whom it may make referrals. At no time will Valor accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Valor does not recommend or select other investment advisers for the Funds.

## **Item 11 - Code of Ethics, Interest in Client Transactions and Personal Trading Code of Ethics**

Pursuant to Rule 204A-1 of the Advisers Act, Valor has adopted a written code of ethics (“Code of Ethics” or the “Code”) that sets forth standards of conduct expected of supervised persons and addresses conflicts that can arise from personal trading. The Code of Ethics requires each supervised person to place Fund interests ahead of Valor’s interests, to avoid taking advantage of his or her position, and to maintain full compliance with the federal securities laws.

At least once a year, each Valor employee is required to acknowledge the Code of Ethics in writing and agree to be bound by it. Employees of Valor who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the Code of which they become aware.

In borrowing on behalf of a Fund, Valor is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund’s preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the management fee is calculated as a percentage of invested capital, a limited partner may pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Valor will provide a copy of its Code to any existing or prospective investor upon request to its Chief Compliance Officer, Nancy Kowalczyk, at (312) 683-1900.

### **Interest in Client Transactions**

Principals and employees of Valor and its affiliates directly or indirectly own interests in certain Funds or other investments and may trade in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions may require the consent of the applicable Fund.

It is Valor’s policy that it will not effect any principal or agency cross securities transactions for client accounts without first obtaining any necessary consents (e.g., approval of the relevant Fund Advisory Board or Fund investors). Principal transactions are generally defined as transactions

where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund with a control level of ownership by Valor principals/employees and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Conflicts of Interest**

Each Fund's Governing Documents discuss what Valor believes to be the most significant conflicts of interest associated with an investment in such Fund. Some of these conflicts are summarized below. This summary, however, does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. Investors should carefully consider the conflicts of interest herein as well as those in the Governing Documents prior to investing in a Fund. In addition, given the long-term life of the Funds, conflicts of interest may arise during the life of a Fund as Valor's business evolves (e.g., with respect to new personnel, portfolio companies, Funds or other relationships). Valor will consult with applicable Fund Advisory Boards or Fund investors with respect to such conflicts to the extent required by the applicable Fund Governing Documents or as Valor otherwise believes necessary or advisable.

Valor devotes such time, personnel and internal resources as it believes are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the event that Valor or its affiliates determine they have an actual conflict of interest in connection with a Fund or portfolio company, Valor may take such actions as it believes is necessary or appropriate to ameliorate the conflict, including taking or refraining from taking any action as required by the Governing Documents of the applicable Fund(s) or as it believes necessary or appropriate, disposing of the asset giving rise to the conflict, bringing the matter before the Advisory Board of the applicable Fund(s), appointing an independent fiduciary, or obtaining advice from outside counsel or other experts. There can be no assurance that all conflicts of interest will be successfully resolved.

## **Personal Trading**

In rare cases, Valor's business may provide Valor and its employees with access to material, non-public ("insider") information. Valor's Code includes a prohibition on insider trading and outlines strict policies that dictate the treatment of such information.

Valor's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material, non-public information regarding the securities or communicating material, non-public information to others (except under limited circumstances such as for legal and compliance reasons). Valor maintains a restricted security list of issuers about which Valor may have material, non-public information. Supervised persons must pre-clear certain personal securities transactions, including acquisitions of interests in initial public offerings and



certain limited offerings. In addition, supervised persons are required to submit annual reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.

By reason of their responsibilities with Valor or in connection with their permitted other activities, Valor and its affiliates, as well as persons working on its behalf, such as EIRs and consultants, from time to time acquire confidential or material, non-public information and may therefore be restricted from initiating transactions in certain securities on behalf of a Fund and/or on behalf of other funds or accounts. It should also be noted that if a portfolio company acquires confidential or material, non-public information and is therefore restricted from initiating transactions in certain securities, then the relevant Fund may also be restricted. Disclosure of such information to Valor's personnel responsible for the affairs of a Fund will be on a need-to-know basis only, and a Fund may not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Conversely, a Fund may not have access to material, non-public information in the possession of Valor that might be relevant to an investment decision to be made by a Fund, and a Fund may initiate a transaction or sell an investment, which, if such information had been known to it, may not have been undertaken.

The principals and employees of Valor reserve the right to carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to persons or vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. In addition, principals, employees and affiliates may buy securities in transactions offered to but rejected by the Funds. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. As mentioned above, certain Valor principals invest for their own accounts in early-stage deals primarily through Valor R&D, which was established for Valor, its employees, strategic advisors, and their families, as well as certain other investors. These early-stage investments generally are outside the investment presentation mandate of the other Funds, at the time of Valor R&D's purchase, pursuant to such other Fund's Governing Documents. In certain circumstances, as outlined in the Governing Documents, the Funds may invest in a portfolio company in which Valor principals (e.g., through Valor R&D) previously invested.

## **Item 12 - Brokerage Practices**

Valor is a private equity firm and generally does not sell securities through broker-dealers. Valor focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions. Valor also reserves the right to distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Valor reserves the right to periodically engage broker-dealers and investment bankers to perform various services for its clients and/or its portfolio companies, such as assisting in the purchase or sale of a privately held portfolio company.

Regardless of the type of transaction, Valor chooses broker-dealers based upon their knowledge and expertise as well as upon services provided and the cost thereof, and their reputation. In selecting a broker to execute client transactions, Valor reserves the right to consider a variety of

factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) gross compensation paid to the broker.

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

Valor does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds, does not engage in directed brokerage and does not aggregate the purchase or sale of securities for client accounts.

### **Item 13 - Review of Accounts**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, Valor’s review process is not directed toward a short-term decision to dispose of securities. Valor’s team of investment professionals closely monitors and conducts quarterly reviews of the Funds’ portfolio companies and maintains ongoing oversight. These reviews include, without limitation, sales trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape and management. Valor team members also periodically confirm that each Fund is maintained in accordance with its stated business objectives. The reviews are headed by Mr. Gracias and other Valor principals and investment professionals.

In addition, Valor investment professionals review Fund portfolio company information more frequently when a portfolio company needs subsequent financing, in anticipation of a potential acquisition or liquidity event, or if there is a serious performance issue at or other concern about a portfolio company.

Valor generally provides Fund investors: (i) annual audited financial statements prepared in accordance with GAAP, accompanied by the report of its independent certified public accountants within 120 days of fiscal year end (certain Co-Investment Funds are not audited and therefore their investors do not received audited financial statements); (ii) annual tax information necessary for the completion of the investor’s tax returns; and (iii) descriptive investment information for portfolio investments as of the end of the preceding calendar year. Investors typically also receive quarterly capital account statements, quarterly presentations and other periodic communications. All reports are sent to investors in writing and are delivered electronically through a third party administrator’s web portal.

In addition to the information typically provided to all prospective and existing investors, Valor may in certain circumstances (e.g., in connection with diligence, a co-investment opportunity, or

Side Letter rights) provide certain investors with more frequent or detailed information with respect to a Fund or existing or prospective portfolio company and other investors will not necessarily receive such information.

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

No one who is not a client provides an economic benefit to Valor for providing investment advice or other advisory services to Valor clients. Valor also does not compensate anyone for providing client referrals. Valor and its affiliates provide certain business and consulting services to Fund portfolio companies and receive compensation from these companies in connection with such services as described in each Fund's Governing Documents and in Items 5 and 11 of this Brochure.

These types of arrangements present potential conflicts of interest and provide Valor with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict, such benefits received by Valor or its employees in connection with services rendered to portfolio companies or in connection with Fund transactions are offset in part or in whole against (and therefore reduce) advisory fees payable by the Funds (although out-of-pocket expense reimbursements and payments for services provided in the ordinary course of business or for a Valor person serving as an employee are outside the offset if they meet the conditions set forth in the applicable Fund's Governing Documents) or, in the case of Operations Group services are subject to certain limitations, in each case as described herein and as detailed in each Fund's Governing Documents.

When it is in the process of raising a new private fund, Valor typically enters into solicitation arrangements pursuant to which it compensates a third party placement agent for referrals that result in a potential investor becoming an investor in a Fund. Valor entered into arrangements with Mercury Capital Advisors, LLC ("Mercury"), an SEC-registered broker-dealer and FINRA member, related to Fund IV, Fund V, and VSV pursuant to which Mercury received compensation consisting of a fixed fee and a fee based on a percentage of certain commitments to Fund IV, Fund V, and VSV, as applicable. Placement fees and expenses, including, but not limited to, placement agent travel, meals and entertainment expenses, payable or reimbursable to Mercury are chargeable to the applicable Fund, and placement fees charged are subject to the management fee offset described in the applicable Fund's Governing Documents. Valor also entered into arrangements with Mercury and Morgan Stanley Smith Barney LLC ("MSSB"), also an SEC-registered broker-dealer and FINRA member, related to the solicitation of investors for Valor M33 III L.P. ("M33 III"), one of the Co-Investment Funds. Both MSSB and Mercury received fees based on a percentage of certain investors' commitments to M33 III. MSSB charged its fee directly to applicable investors. M33 III's General Partner charged Mercury's fee to applicable investors as part of M33 III's capital calls and remitted those amounts to Mercury. Placement fees paid by M33 III investors do not offset M33 III's management fee. In addition, Valor entered into an arrangement with UBS Switzerland AG ("UBS AG") in connection with the solicitation of non-U.S. investors for Valor M33 IV L.P. ("M33 IV"), another one of the Co-Investment Funds. UBS AG received fees based on a percentage of certain investors' commitments to M33 IV. UBS AG charged its fee directly to applicable investors. Placement fees paid by M33 IV investors do not offset M33 IV's management fee.

## **Item 15 - Custody**

Valor is deemed to have custody of the Funds' assets, and as a result, maintains custody of each Fund's securities and funds, to the extent required by the Advisers Act and SEC guidance, with certain qualified custodians (please see Form ADV Part 1, Schedule D, 7.B.(1) for custodian information). The Funds (other than certain Co-Investment Funds) comply with Advisers Act Rule 206(4) by relying on the "pooled investment vehicle" exemption, which requires that the Funds be audited at least annually and upon liquidation by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (a "Qualified Accountant"), and that the Fund's audited financial statements be delivered to investors in accordance with Advisers Act requirements. Funds that are not audited are subject to a surprise custody audit by a Qualified Accountant, and a qualified custodian sends account statements, at least quarterly, to such Co-Investment Funds' investors.

Investors in Co-Investment Funds who receive custodial statements are encouraged to review these statements but should note that such statements may only identify a portion of their investment with Valor and may differ from reporting provided by Valor.

## **Item 16 - Investment Discretion**

Valor has discretionary authority to manage the Funds and their investments, pursuant to the applicable Governing Documents, including any powers of attorney contained therein. Valor provides investment advice to the Funds, and not to the individual investors in the Funds, and investors agree to the terms upon which Valor manages a Fund at the time the investor subscribes to a Fund and/or executes any applicable Governing Documents. In general, Valor does not allow investors to place limitations on its discretionary authority and is not required to notify or obtain the consent of an investor prior to transacting any business on behalf of a Fund. Pursuant to a Fund's agreement of limited partnership (or similar agreement), however, a Fund's General Partner may enter into Side Letters with certain investors whereby the terms applicable to such investor's Fund investment may be altered or varied, including, in some cases, the right to be excused from certain investors.

## **Item 17 - Voting Client Securities**

By virtue of the applicable Governing Documents, Valor has the authority to vote securities on behalf of its Funds. Accordingly, it has adopted proxy voting policies and procedures (the "Proxy Policy") pursuant to SEC Rule 206(4)-6. Because the Funds generally invest in securities acquired through privately negotiated transactions, the majority of "proxies" received by Valor on behalf of the Funds are written shareholder consents or similar instruments for private companies. The Proxy Policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there may be material conflicts of interest.

Valor generally votes in accordance with the recommendations of any board member(s) it appointed and, for public company proxies, in accordance with management's recommendations, in each case unless Valor determines that voting in such a manner is in conflict with the best interests of the Fund(s). In other cases, Valor will evaluate and vote the proxies on a case-by-case basis.

Valor generally believes its interests are aligned with those of the Funds' investors through Valor's and the principals' beneficial ownership interests in the Funds and therefore does not generally seek approval or direction from a Fund (or its investors) when voting proxies. In addition, investors generally cannot request that Valor vote in a particular way on any specific proposal. In the event that there is or may be a conflict of interest, Valor's proxy policy provides that Valor may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund Advisory Board on the proposed proxy vote, or through other alternatives set forth in Valor's proxy policy.

Valor principals and affiliated or unaffiliated third parties appointed by Valor often sit on the boards of portfolio companies to which Valor provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. Valor does not consider service on portfolio company boards by Valor personnel or the receipt of any board or other fees to create a material conflict of interest in voting proxies with respect to such companies.

Investors may obtain a copy of Valor's complete proxy voting policies and procedures upon request from Valor's Chief Compliance Officer, Nancy Kowalczyk, at (312) 683-1900. Investors may also obtain information from Valor about how Valor voted any proxies on behalf of its Funds.

#### **Item 18 - Financial Information**

Valor does not require prepayment of fees more than six months or more in advance or have any other events requiring disclosure under this item of the Brochure. Valor has not been the subject of a bankruptcy proceeding.