

**Item 1: Cover Page**

**BROCHURE**  
**FORM ADV PART 2A**

**BOLDROSE MANAGEMENT GROUP, LLC**

**MARCH 30, 2022**

This brochure (the “Brochure”) provides information about the qualifications and business practices of BoldRose Management Group, LLC (“BoldRose”). If you have any questions about the contents of this Brochure, please contact us at [info@BoldRoseCapital.com](mailto:info@BoldRoseCapital.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority. If you have any questions about the contents of this Brochure, please contact us at:

177 West Putnam Ave.  
Greenwich, CT 06831  
(201) 431-6425  
[BoldRoseCapital.com](http://BoldRoseCapital.com)

Additional information about BoldRose is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. BoldRose’ CRD number is 313272.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This Brochure is the annual updating amendment to the initial brochure dated March 31, 2021. The following material changes have been made since the last update:

Item 4 and Item 8 have been updated to reflect the investment strategy of an investment vehicle launched in mid-2021.

Item 5 has been updated with additional information regarding fees that relate to certain of the adviser's clients.

Item 15 has been updated to include additional information regarding the adviser's auditing practices.

This brochure also contains additional, non-material changes to other Items and expanded disclosures.

### **Item 3. Table of Contents**

Item 1. Cover Page	1
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	5
Item 6. Performance-Based Fees and Side-by-Side Management	7
Item 7. Types of Clients	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9. Disciplinary Information	29
Item 10. Other Financial Industry Activities and Affiliations	30
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	31
Item 12. Brokerage Practices	32
Item 13. Review of Accounts	34
Item 14. Client Referrals and Other Compensation	35
Item 15. Custody	36
Item 16. Investment Discretion	37
Item 17. Voting Client Securities	38
Item 18. Financial Information	39

#### **Item 4. Advisory Business**

BoldRose Management Group, LLC (“BoldRose”) is a Delaware limited liability company with its place of business in Greenwich, Connecticut. The principal owners of BoldRose are Andrew Schweibold and Jonathan Rosenthal. BoldRose was formed in 2016 and commenced operations as a registered investment adviser in the United States in 2021.

As of December 31, 2021, BoldRose (i) manages \$86,091,479 of assets on a discretionary basis, and (ii) manages \$32,857,792 of assets on a non-discretionary basis. BoldRose provides investment advisory services to two operating companies (each, an “Operating Company” and collectively, the “Operating Companies”), and seventeen private fund clients (together with future prospective clients, each, a “Client” and collectively, the “Clients”).

Each Client invests in accordance with its applicable governing documents. The primary investment activity of most Clients is to invest in companies that operate in the cannabis sector (each, a “Portfolio Company” and collectively, the “Portfolio Companies”), though several Clients invest in other industry sectors including one Operating Company which invests primarily in the car wash and auto-detailing industry. Certain of the Clients may be special purpose vehicles formed to invest in just one Portfolio Company. Investments can be in the form of the purchase of the public or private equity or debt of such Portfolio Companies.

BoldRose’s investment advisory services are provided pursuant to a Client’s operating agreement or a written management agreement between BoldRose and the Client to which BoldRose agrees to advise in accordance with Client investment objectives. Each Client is managed in accordance with its own investment objectives, strategies, restrictions, and guidelines and is not tailored to the needs of any individual Investor in such Client.

Rose Capital Fund I GP, LLC (the “General Partner”) serves as the general partner for Rose Capital Fund I, LP. The General Partner is an affiliated entity of BoldRose.

Current and prospective investors in the Clients are referred to herein as “Investors.”

BoldRose does not participate in wrap fee programs.

## **Item 5. Fees and Compensation**

### **General Fee Information**

BoldRose is generally compensated for its advisory services to the Clients based on a percentage of assets under management and performance-based amounts. The fees applicable to each Client are set forth in its offering documents. A brief summary of such fees is provided below.

### **Management & Performance Fees**

Some of the Clients pay to BoldRose an annual “Management Fee” of up to 2.5% of the aggregate capital commitments of Investors who are not related persons of BoldRose or the General Partner. Following the investment period of Rose Capital Fund I, LP, the annual Management Fee is adjusted to 2.5% of invested capital. Each Client’s offering documents should be reviewed to determine the exact management fees. Any new advisory Clients may be subject to Management Fees and performance-based fees that differ from what is summarized in this Brochure.

The General Partner and other special purpose affiliates of BoldRose will generally also receive performance-based fees or “carried interest” allocations (“Performance Fees”) of up to 30% with respect to each Investor for the management of certain of the Clients based on realized profits and losses allocated to such Investor. The Performance Fees in some of the Clients are also subject to a preferred return, a catch-up on the preferred return, and a clawback if aggregate distributions do not exceed a specified hurdle.

BoldRose and/or its affiliates, in their sole discretion, may elect to reduce or waive the Management Fees or Performance Fees. BoldRose has waived or reduced Management Fees and Performance Fees as to certain Investors and may in the future agree with an Investor or prospective Investor to waive, reduce, or otherwise alter the Management Fees and Performance Fees.

Management Fees and Performance Fees are described in greater detail in the offering documents of the Clients.

### **Expenses**

BoldRose pays all normal operating expenses incidental to the provision of the day-to-day administrative services to its Clients, including its own overhead, such as rent, partner / employee salaries, and internal financial reporting and tax preparation. To the extent permissible, third-party costs are charged to each Client and its Portfolio Companies.

Each Client will generally bear its own organization and operating expenses including, without limitation: (i) organization and syndication costs; (ii) legal, accounting, administrative, audit, custodial, consulting and other professional fees; (iii) banking, brokerage, due diligence, travel related expense, broken-deal, registration, finders, depositary and similar fees; (iv) costs incurred in acquiring, holding and selling portfolio securities, including taxes imposed on a Client as an entity; (v) insurance premiums, indemnifications, and litigation costs; (vi) costs of financial statements, tax returns and other reports; (vii) costs of Client, General Partner and BoldRose

compliance with applicable securities laws and registration or licensing laws arising from the management of, or provision of advice to, a Client; and (viii) costs of Client meetings.

The costs and fees paid by each Client may be substantial. For example, BoldRose may engage third parties on behalf of a Client to identify/source investment opportunities, perform analysis/diligence in respect of potential investments, technologies, markets, or other issues, or provide Portfolio Companies with advice, guidance, or other benefits. The apportionment of expenses inherently creates conflicts of interest between BoldRose and a Client. BoldRose may, in its sole discretion, bear any of a Client's expenses described above; provided that, if BoldRose does pay any such expenses, it will not be required to continue to pay such expenses and may thereafter cause the Clients to pay such expenses.

To the extent that expenses are incurred in relation to an investment, or prospective investment, in which one or more Clients invested or participated, BoldRose will allocate such expenses among such Clients. Such expense allocations will generally be pro rata based on the Client's cost basis (or expected cost basis) of the investment relative to the cost basis (or expected cost basis) of the investment held by each such Client. With respect to expenses other than those incurred in relation to investments or prospective investments, expenses that are common to multiple Clients will be allocated among the Clients during the calendar quarter in which such expenses are incurred on such basis as BoldRose determines in good faith to be equitable and appropriate.

Each Client may incur expenses in connection with a potential investment that is expected to be made by that Client along with one or more co-investors. As a general matter, a Client will be obligated to pay all of its expenses in connection with an investment opportunity that is considered by a Client, even if the investment is not consummated, and even if potential co-investors do not agree to pay any share of such expenses.

With respect to certain of the Clients, BoldRose, its affiliates, and employees thereof, per the Clients' governing documents, will receive supplemental fees charged to the Portfolio Companies as compensation for a broad range of services performed by or for the benefit of one or more Portfolio Companies ("Supplemental Fees"). Such fees are charged in addition to the Management Fee and any reimbursement for out-of-pocket expenses received by BoldRose its affiliates, and employees thereof. Notwithstanding anything contained within the governing documents to the contrary, BoldRose, its affiliates, and employees thereof, will collect and retain one hundred percent (100%) of all Supplemental Fees from the Portfolio Companies for services they have rendered to the Portfolio Companies. Further, such Supplemental Fees will not offset any portion of the Management Fee charged or borne by the Clients or Investors.

More detailed information regarding the fees and expenses paid by the Clients may be found in the offering documents of the Clients.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As described above, the General Partner and affiliates of BoldRose receive performance-based compensation in the form of carried interest distributions from their respective Clients. BoldRose understands that there exist certain potential conflicts of interest associated with the presence of performance-based fees. Such a fee may create an incentive for BoldRose to cause the Clients to make investments that are riskier or more speculative than would be the case if there were no performance-based fee. However, BoldRose advises the Clients in accordance with its investment strategy and any restrictions set forth in Clients' organizational documents so that Investors are aware of the applicable investment strategy, restrictions and risks.

For a discussion of our Carried Interest and performance-based compensation received from the Clients, please refer to Item 5 above.

## **Item 7. Types of Clients**

BoldRose provides investment advice to privately pooled investment vehicles and other accounts offered only to qualified investors on a private placement basis. The investment vehicles may include investment partnerships, other investment entities, or other operating businesses formed under domestic or foreign laws and operated as exempt businesses under the Investment Company Act of 1940, as amended.

Interests in these investment vehicles are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions. Typically, these investors are high net worth individuals, institutions, and other entities. Minimum commitment levels for each Client are established by BoldRose, the General Partner, or the Client itself and are described in each Client's offering documents, though BoldRose, the General Partner, and the Clients retain the right to waive such requirement and have done so for some Investors.

BoldRose may offer investment advisory services to different types of clients in the future, including registered companies under the Investment Company Act of 1940, as amended.



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

### **Methods of Analysis and Investment Strategy**

BoldRose targets returns through the acquisition, holding, and distribution or other disposition of securities issued by companies predominantly those in the cannabis industry, and to an extent, the car wash and auto-detailing industry. The Clients invest primarily in equity securities that provide control over key decisions at the Portfolio Company level, but maintain the flexibility to invest through alternative securities with a specific objective of achieving equity-like returns and substantive control in each investment.

BoldRose obtains data from a variety of sources to conduct its economic, investment, and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, corporate rating services, annual reports, and prospectuses. BoldRose has relationships with third party providers who perform or distribute research on particular securities, provide risk management services, and/or provide other services that assist BoldRose in operating its investment advisory business. BoldRose is responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include cyclical analysis, fundamental analysis, quantitative analysis and technical analysis, and any other models of analysis that BoldRose determines may be applicable to an investment.

### **Risk Factors**

The following material risk factors should be considered carefully but are not meant to be an exhaustive listing of all potential risks associated with an investment in any vehicle managed by BoldRose. All of these risks could have a material and adverse effect on BoldRose, the Clients, the Portfolio Companies, and Investors. The following does not purport to identify all possible risks of an investment with BoldRose or to provide a full description of those risks identified. Additional risks and uncertainties not presently known to BoldRose or that BoldRose currently deems immaterial may also materially and adversely affect the business and operations of BoldRose, the Clients, and the Portfolio Companies. Investors are urged to consult their professional advisors and review the legal documents for the Clients, including the relevant Client's offering documents and informational materials, before deciding to invest.

*The Clients involve illiquid securities and private placements.*

The Clients often invest in private and illiquid securities. Investing in unregistered or unlisted securities may involve a high degree of business and financial risk that can result in substantial losses due to the absence of a public trading market for these securities and the absence of public disclosure and other investor protection requirements applicable if the securities were publicly traded. Reduced liquidity may have an adverse impact on market price and the ability of BoldRose to sell particular securities when necessary or desirable. In some cases, the relevant Client may be contractually prohibited from disposing of certain securities for a specified period of time. Reduced liquidity in the secondary market for certain securities may also make it more difficult for BoldRose to obtain market quotations based on actual trades for the purpose of valuing a Portfolio Company. Private equity investments (and other non-publicly traded investments) carry a significant liquidity risk in that such assets are difficult to sell and may be required to be held for

many years before a market or opportunity may present itself for the investment to be liquidated. Distributions in kind of illiquid securities to the Clients' Investors may be made. The return of capital, if any, and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. While there may be investments by the Clients that are disposed of soon after an investment is made, the disposition of investments will not typically occur before a number of years have passed after the investment is made.

Certain investments by the Clients may be in securities that are or become publicly traded (but there can be no assurances that any of the Clients' investments will ever be listed on a securities exchange). Such investments may involve economic, political, legal, interest rate and other risks, any of which could result in any adverse change in the market price. In addition, in some cases the Clients may be prohibited by contract or other limitations from selling such securities for a period of time so that the Clients are unable to take advantage of favorable market prices.

*The Clients may invest in bonds and debt instruments.*

BoldRose often invests portions of the Clients' assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, among others, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Some of the Clients are pooled investment vehicles.*

Some of the Clients are setup as pooled investment vehicles, which increases Investors' exposure to an illiquid asset class. Investment in an illiquid pooled investment vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in a pooled investment vehicle will be subject to the terms and conditions of the vehicle's investment policy and governing documents, which often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc. If an Investor invests in a pooled investment vehicle, its offering memorandum will generally contain additional information regarding the risks associated with such investing.

*There is no assurance of an investment return.*

While private equity investments in the cannabis sector, and other sectors in which the Clients participate, offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The investments by the Clients will generally be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. The Clients' success will largely depend on the ability of BoldRose to identify investments at compelling valuations that meet the Clients' criteria, to negotiate advantageous terms for the investments, to select and incentivize good management, and to execute a successful disposition of the investment. There is no assurance that BoldRose will be able to accomplish this or that it will generate returns for Investors. For example, certain avenues for exits, such as large U.S. based corporations or initial public offerings on certain exchanges, are largely unavailable in the cannabis industry. An

investment in the Clients should only be considered by persons who can afford a loss of their entire investment.

*Investors may suffer dilution.*

Portfolio Companies may have substantial variations in operating results from period to period, face intense or growing competition, and experience failures or substantial declines in value at any stage. Portfolio Companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. The Clients' capital is limited and may not be adequate to protect a Client from dilution in multiple rounds of Portfolio Company financing. Depending on the structure of a Client, Investors may incur substantial dilution at the Client or Portfolio Company levels as a result of such financings. Dilution may also occur due to acquisitions and management incentive pools.

In addition, following the initial closing of certain of the Clients, BoldRose may be authorized to admit additional Investors which will cause dilution to prior Investors. Such new Investors may also invest at a price that does not necessarily reflect changes in the value of a Client's assets subsequent to the initial closing.

*BoldRose may overvalue or have overvalued the Portfolio Companies at the time of investment.*

BoldRose's judgments about the fundamental value of securities or other factors showing the attractiveness of investments acquired for a Client may prove to be incorrect. In addition, BoldRose' judgments about asset allocations, exposure to foreign currencies, interest rates, commodity values, and other macroeconomic factors may prove to be incorrect. Most, if not all, of the Clients' Portfolio Companies will not be publicly traded at the time of the Clients' investment in them. The fair value of Portfolio Company investments that are not publicly traded may not be readily determinable. BoldRose will attempt to value these investments at a value favorable to the Clients as an investor. The types of factors that may be considered in valuing the Clients' Portfolio Company investments include the enterprise value of the Portfolio Company (an estimate of the total fair value of the Portfolio Company's debt and equity), the markets in which the Portfolio Company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, BoldRose's determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that the Clients may ultimately realize or from the values that other buyers or investors would pay for them. The Clients will be adversely affected if BoldRose's determinations regarding the fair value of these Portfolio Company investments are materially higher than the values that the Clients realize upon disposition of such investments or the values that other buyers or investors would pay for them.

*There are risks associated with the Clients' investment strategy.*

Some Clients make controlling and non-controlling investments at one or more levels of the capital structure, including debt, convertible securities, and preferred and common equity in companies operating in the cannabis sector. These companies could have significant legal, business, financial

and market uncertainties, and the federal illegality of the cannabis market and the difficulties of this market, including financing and depositing cash, create additional risks. Because of these special situations, investments in these companies involve significant risks, which risks are greater than in many other investments. In addition, there is a more limited market for the purchase and sale of these companies, and laws and regulations could change, which could make it more difficult or impossible to realize gains upon a disposition of an investment.

*The Investors have no say in Client decisions or investments.*

All decisions with respect to the Clients' investments, management of the Clients' assets and the operation of the Clients are made exclusively by BoldRose or the boards of some Clients, subject to certain exceptions set forth in the respective operating agreements. Investors must rely on BoldRose or these boards and they have wide discretion. In addition, a Client's investment sourcing, selection, management and liquidation strategies and procedures may deviate from those described in its offering documents for a variety of reasons including changes in the external environment within which a Client operates as well as challenges and opportunities faced by a Client's Portfolio Companies. Subject only to the limits set forth in a Client's operating agreement, BoldRose will have broad authority to implement, expand, contract, adapt, and otherwise modify a Client's investment sourcing, selection, management, and liquidation strategies and procedures in such manner as BoldRose determines to be appropriate.

*The Clients may invest in non-U.S. securities.*

A Client may invest in securities of non-United States Portfolio Companies. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; limitations on currency exchange or the transfer of capital/profits across international boundaries; different accounting standards; different legal protections for investors; unusual regulatory burdens; political instability; multiple taxing jurisdictions; difficulty in enforcing non-U.S. contractual obligations; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from U.S. markets. Such risks also are amplified by the nature of the Clients' investments in companies related to the cannabis industry. Non-U.S. investments in companies engaged in activity that maybe illegal under U.S. federal law could subject the Company to prosecution under foreign or U.S. anti-money laundering laws.

*The Clients may not have an opportunity to invest in all of BoldRose's opportunities.*

Except as otherwise specifically provided in a Client's operating agreements, there is no assurance that a Client will be offered any specific investment opportunities that come to the attention of BoldRose or that a Client will be permitted to invest the full amount it desires to invest in any such opportunity that is made available. In many cases, the apportionment of investment opportunities among the Clients will be subject to BoldRose's discretion, and may depend on a number of factors, such as the investment mandate and available capital of a Client. BoldRose and its partners

and employees have pursued investment opportunities for their own account and without the participation of the Clients, and may do so again in the future, subject to any requirements in the offering documents of the Clients.

*Investors' investments in the Clients are subject to limited transferability and withdrawals.*

The Clients' operating agreements and applicable securities laws will impose substantial restrictions upon the transferability of Client interests. There is no public or other market for Client interests and it is not expected that such a market will develop. Withdrawal of Investors from the Clients generally will not be permitted. In addition, an investment in a Client is a long-term commitment and there is no assurance of any distribution to the Investors.

*Acquisitions, other strategic alliances and investments could result in operating difficulties, dilution, and other harmful consequences that may adversely impact the Clients' results.*

The Clients may co-invest in one or more investments with certain strategic investors and/or other third parties through joint ventures or other entities, which parties in certain cases may have different interests or superior rights to those of the Clients. Additionally, the Clients' investments may be subject to typical risks associated with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Clients, or may be in a position to take (or block) action in a manner contrary to the Clients' objectives. The Clients may also, in certain circumstances, be liable for the actions of its third-party partners or co-investors. Co-investments by third parties may or may not be on substantially the same terms and conditions as the Clients, and such different terms may be disadvantageous to the Clients.

Acquisitions are expected to be an important element of the Clients' and Portfolio Companies' overall corporate strategy and use of capital, and these transactions could and are expected to be material to the Clients and Portfolio Companies' financial condition and results of operations. The process of integrating an acquired company, business, or product may create unforeseen operating difficulties and expenditures. The areas where the Clients and Portfolio Companies face related risks include, without limitation:

- Diversion of management time and focus from operating the Portfolio Companies to acquisition integration challenges.
- Failure to further develop the acquired businesses or product lines successfully.
- Implementation or remediation of controls, procedures, and policies at the acquired company.
- Integration of the acquired company's accounting, human resources, and other administrative systems, and coordination of product, engineering, and sales and marketing functions.
- Transition of operations, users, and customers onto the Portfolio Companies' existing platforms.

- Cultural challenges associated with integrating employees from the acquired company into the organization, and retention of employees.
- Liability for or reputational harm from activities of the acquired company before the acquisition or from the Clients' or Portfolio Companies' strategic partners, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities.
- Litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former shareholders, or other third parties.

The Clients' or Portfolio Companies' failure to address these or other risks or problems encountered in connection with future acquisitions and investments or strategic alliances could cause the Clients and Portfolio Companies to fail to realize the anticipated benefits of such acquisitions, investments or alliances, incur unanticipated liabilities, and in turn harm the Clients' returns. The acquisitions could also result in dilutive issuances of the Clients' or Portfolio Companies' equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or impairment of goodwill and purchased long-lived assets, and restructuring charges, any of which could harm results of operations and cash flows. Also, the anticipated benefits of the acquisitions may not materialize.

*BoldRose personnel may serve on boards of directors.*

Individual members of BoldRose may serve as officers or directors of Portfolio Companies. In their capacity as officers or directors, such individuals may become subject to fiduciary or other duties which adversely affect a Client. For example, a Client may be unable to sell or otherwise dispose of portfolio securities if a member of BoldRose is in possession of material, non-public information relating to the issuer thereof.

*Investors will have limited access to information.*

The rights of Investors to information regarding a Client and its Portfolio Companies will be specified and strictly limited in the Client's operating agreements. Such information may be withheld from Investors in order to comply with duties to such Portfolio Companies or otherwise to protect the interests of such Portfolio Companies or a Client. Overall, prospective investors should not expect a Client to be operated with the same degree of transparency as a publicly traded corporation.

*There is a risk of loss of the Investors' entire investment.*

An investment in the Clients is highly-speculative, involves a high degree of financial risk, and should be considered only by investors of adequate financial means who or which (i) have no need for liquidity in their investment in the Clients; (ii) fully understand, are willing to assume, and have the financial resources necessary to withstand the significant risks involved in an investment in the Clients; and (iii) can afford to lose their entire investment. No combination of experience, knowledge, marketing or technical expertise on the part of the Clients (or, on the part of the Investors) will overcome the risks of an investment to assure a profit or to prevent a loss to the Investors. BoldRose does not guarantee or warranty that it will achieve its investment objectives,

performance expectations, risk and/or return targets. An investment in an account managed by BoldRose is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

*The Clients' and their advisors' due diligence on potential investments may not reveal all of the liabilities, risks or adverse facts associated with such investments and may not reveal other weaknesses in such investments, which could lead to investment losses.*

Before making an investment, BoldRose assesses the strengths and weaknesses of the investment as well as other factors and characteristics it believes are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, BoldRose relies on resources available to it and, in some cases, investigation(s) by third-parties. There can be no assurance that the due diligence process uncovers all relevant facts or contingencies that may affect the value of the Clients' investments. Furthermore, if the materials provided BoldRose are inaccurate, if BoldRose does not sufficiently investigate or follow up on matters brought to their attention, or if the due diligence fails to detect material adverse facts, the Clients may incur losses or overpay for an investment, which would cause the Clients' returns to suffer.

*A limited number of investments can expose the Clients to disproportionate losses.*

The Clients are able to participate in only a limited number of investments and, as a consequence, the Clients are less diversified than larger funds and separately managed accounts, and their aggregate return could be substantially affected by the unfavorable performance of a single investment. If less capital is raised than targeted, the Clients may invest in fewer companies, be less diversified, and the effect of a single investment will be magnified.

*The Clients enter into side letters with certain investors.*

The Clients have entered into side letters and other similar agreements with particular Investors. The side letters have the effect of establishing rights under or altering or supplementing the terms of the respective operating agreements with respect to such Investors in a manner more favorable to such Investors than those applicable to other Investors.

*The Clients depend on key personnel.*

The Clients depend on the diligence, skill and network of business contacts of certain key personnel, most specifically the BoldRose principals (particularly Andrew Schweibold). The Clients' future success depends on the continued service of such key personnel. The death, disability or departure of the BoldRose principals, and any of the other officers, directors, managers and/or members of BoldRose, the Clients, or any Portfolio Company could have a material adverse effect on the Clients' or Portfolio Companies' business, financial condition or results of operations, and it may not be possible for the Clients or any Portfolio Company to find a suitable replacement. In addition, the Clients will rely upon the management of each Portfolio Company to operate the Portfolio Companies on a day-to-day basis. There can be no assurance that management will be successful in operating the Portfolio Companies, or that management will remain with a Portfolio Company, and this loss could also have a material adverse effect on an investment.

*The Clients make some non-controlling investments.*

BoldRose often seeks some level of control over the management of certain Portfolio Companies in which a Client invests through board membership or contractual provisions. Nonetheless, some Clients have made non-controlling investments. In non-control investments, the Clients are not able to control decisions made by management or other investors in such Portfolio Companies. As a result, the Clients are subject to the risk that Portfolio Companies may make business decisions with which BoldRose disagrees, and the other equity holders and management of such Portfolio Companies may take risks or otherwise act in ways that do not serve the Clients' interests. These decisions could decrease the value of the Clients' investments in such Portfolio Companies. The Clients' ability to manage their investments may also be limited by the form in which they are made. Certain investments may be participations with other investors in the Portfolio Companies, or subject to rights of senior classes where the Clients are not able to exercise control over the investments.

*BoldRose is entitled to indemnification from the Clients, except in certain circumstances.*

The assets of the Clients may be used to satisfy these indemnification obligations, and Investors may be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of the Clients. Furthermore, the Clients' operating agreements contain provisions that limit the liability and provide for indemnification of BoldRose under certain circumstances. Such provisions may discourage Investors from bringing a lawsuit against such persons or entities for possible breaches of any existing fiduciary duty. Such provisions may also have the effect of reducing the likelihood of any litigation against such persons or entities, even though such litigation, if successful, might otherwise have benefited the Investors. In addition, an Investor's investment in the Clients may be adversely affected to the extent that the costs of settlement and damage awards against such persons or entities (including the cost and expense of counsel) are paid by the Clients pursuant to such provisions.

*The Clients' performance may depend on public or consumer perception.*

Sales of the products and services offered by the Portfolio Companies are dependent, in part, upon consumer perception of the safety, quality, and/or efficacy of such products and services, as well as similar products and services offered by other companies. Such consumer perception can be influenced by a variety of factors, including scientific research, regulatory investigations, litigation, prosecutions, national media attention, and other publicity. Any adverse scientific research, regulatory investigations, litigation, prosecutions, nation media attention, or other publicity, whether or not accurate, could have a material adverse effect on the Clients and their Portfolio Companies.

*The Clients and their Portfolio Companies face significant competition.*

The Clients' and their Portfolio Companies face intense competition from other companies, some of which have longer operating histories and more financial resources and experience. Given the early stage of the cannabis industry and other industries in which BoldRose and the Clients participate, the Clients also face additional competition from new entrants. To become and remain competitive, the Clients and their Portfolio Companies require research and development,



marketing, sales, and support. The Clients and their Portfolio Companies may not have sufficient resources to maintain their competitive positions. Increased competition by new or existing competitors could materially and adversely affect the Clients and the Portfolio Companies.

*The financial performance of the Clients and their Portfolio Companies may be negatively impacted by the COVID-19 pandemic.*

The novel strain of coronavirus (“COVID-19”) outbreak and the response of governmental authorities to try to limit it are continuing to have a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 in the United States, Canada and globally could have an adverse impact on the Clients’ business, operations and financial results, including through disruptions in Portfolio Companies’ cultivation and processing activities, supply chains and sales channels, as well as a deterioration of general economic conditions including a possible national or global recession. Shelter-in-place orders and social distancing practices designed to limit the spread of COVID-19 may affect the Portfolio Companies’ retail business. The magnitude, duration, and impact on the Clients’ business remains unknown.

*The Clients are subject to federal regulations.*

The Clients are subject to a variety of securities laws and other types of governmental regulation in the United States and other jurisdictions that may limit the scope of its operations or impose material compliance costs and other burdens. Such laws and regulations are subject to change at any time. While BoldRose believes that the Clients are not subject to the registration requirements of the United States Investment Company Act of 1940, as amended (the “Investment Company Act”), there can be no assurance that this belief is, or will continue to be, correct. If a Client were subject to such registration requirements, the Client’s performance could be materially adversely affected.

In general, BoldRose will seek to minimize the degree of governmental regulation and oversight to which BoldRose and the Clients are subject. While it is anticipated that this approach will reduce compliance and other costs, this approach will also eliminate a variety of investor protections (including certain protections arising under the United States Securities Act of 1933, the United States Securities Exchange Act of 1934 (the “Exchange Act”), the Investment Company Act, and the Investment Advisers Act of 1940 (the “Advisers Act”)) that would be available if BoldRose and the Clients were subject to greater governmental regulation and oversight. In particular, prospective Investors are cautioned against assuming the applicability of investor protections generally associated with public offerings of securities.

*The Portfolio Companies will likely need additional capital to sustain their operations and will likely need to seek further financing, which they may not be able to obtain on acceptable terms or at all.*

If the Portfolio Companies fail to raise additional capital, as needed, their ability to implement their business model and strategy could be compromised. Many of the Portfolio Companies may have limited capital resources and operations, and BoldRose expects them to require substantial additional capital in the near future for operations to expand their product lines, develop intellectual property, and establish targeted levels of commercial production or sales. They may not be able to obtain additional financing on terms acceptable to them, or at all.

Even if they obtain financing for near-term operations, BoldRose expects that they will require additional capital thereafter. Capital needs will depend on numerous factors including: (i) profitability; (ii) the release of competitive products by competitors; (iii) the level of investment in research and development; and (iv) the amount of capital expenditures, including acquisitions. If the Portfolio Companies raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership held by the Clients will be reduced and the Clients may experience significant dilution. In addition, new securities may contain rights, preferences, or privileges that are senior to those held by the Clients. If the Portfolio Companies are unable to raise capital when needed, their business, financial condition, and results of operations could be materially adversely affected, and they could be forced to reduce or discontinue their operations.

*BoldRose, the Clients, and the Portfolio Companies may rely on third-parties.*

BoldRose, the Clients, and the Portfolio Companies may require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, bankers, brokers, custodians, consultants and various other persons or agents. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations could have a material adverse effect upon BoldRose, the Clients, and the Portfolio Companies.

*Expenses for the Clients may be substantial.*

As described in further detail above, the Clients are responsible for a number of expenses, such as management fees, deal fees, etc. These fees may be very substantial. For example, BoldRose may engage third parties on behalf of a Client to identify/source investment opportunities, perform analysis/diligence in respect of potential investments, technologies, markets, or other issues, or provide Portfolio Companies with advice, guidance or other benefits. The apportionment of expenses inherently creates conflicts of interest between BoldRose and a Client.

*Investors are subject to diversification risks.*

Unless otherwise provided in a Client's operating agreements, BoldRose will not be responsible for the Investors' overall financial diversification, asset allocation, or liquidity needs. In addition, certain of the Clients' strategies may be non-diversified and hold a low number of investments. A Client's portfolio may become concentrated in a limited number of companies, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified. In certain cases, a Client may acquire majority or greater interests in Portfolio Companies, which could further increase the vulnerability of the portfolio.

## **Risk Factors Associated with the Cannabis Industry**

In addition to the risk factors above, the following material risk factors should be considered carefully as it relates to the Clients that participate in the cannabis industry. The following factors are not meant to be an exhaustive listing of all potential risks associated with an investment in any Client involved in the cannabis industry. All of these risks could have a material and adverse effect on BoldRose, the Clients, the Portfolio Companies, and Investors. The following does not purport to identify all possible risks of an investment with BoldRose or to provide a full description of those risks identified. Given the rapidly evolving nature of the cannabis industry, additional risks and uncertainties not presently known to BoldRose or that BoldRose currently deems immaterial may also materially and adversely affect BoldRose, the Clients, the Portfolio Companies, and Investors. Prospective investors are urged to consult their professional advisors and review the legal documents for the Clients, including the relevant Client's offering documents and informational materials, before deciding to invest.

*The Clients invest in companies seeking to profit from the legal and state-legalized cannabis sectors.*

The cannabis sector is subject to inconsistent and rapidly changing laws, regulations and consumer perception. The legal and state-legalized cannabis markets may not grow or achieve market acceptance as rapidly as expected, and black markets may be persistent. The demand for the products or services of the Clients' Portfolio Companies may be negatively impacted if their industry grows more slowly than expected or contracts. Local, state, and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the Clients and Portfolio Companies to incur substantial costs associated with compliance or alter certain aspects of their business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of their business plan and result in a material adverse effect on planned operations. In addition, the cannabis market is subject to inconsistent and rapidly changing laws and regulations with evolving consumer perceptions. The demand for cannabis products may be negatively impacted if the laws, regulations and consumer perceptions applicable to the state-legalized and legal cannabis markets evolve in a manner that adversely affects the industry. BoldRose cannot predict the nature of any future laws, regulations, administrative policies and consumer perceptions applicable to this industry, nor can it determine what effect, if any, such additional laws, regulations, administrative policies and consumer perceptions could have on the Clients investments. It is possible that changes to federal or state laws, regulations, or administrative policies could materially and adversely affect the Clients and their Portfolio Companies.

The Clients often invest in privately held U.S. cannabis companies (with revenues ranging broadly in size). Investments in such companies involve a number of significant risks, including the following:

- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

- they typically depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio company and, in turn, on the Clients;
- there is generally little public information about these companies. These companies and their financial information are not subject to the Exchange Act and other regulations that govern public companies, and the Clients may be unable to uncover all material information about these companies, which may prevent the Clients from making a fully informed Portfolio Company investment decision and cause the Clients to lose money on their investments;
- they generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- they may have difficulty accessing the capital markets to meet future capital needs particularly because of their association with the cannabis market.

*The Clients and Portfolio Companies are subject to a myriad of state regulations and may be subject to future federal regulations.*

The Clients and Portfolio Companies are subject to substantial and diverse laws and regulation by various governmental agencies. In addition, the operation of the Portfolio Companies in which a Client invests also may rely on state and local government registrations and licenses. The requirements to acquire and maintain these registrations and licenses are generally complex and may result in a dispute over interpretation or enforceability, which may subject the Portfolio Companies to monetary penalties or they may lose their rights to operate their business, or both. Should the Federal government legalize cannabis for medical or recreational use, it is likely that Federal agencies, including the United States Food and Drug Administration, The Bureau of Alcohol, Tobacco, Firearms and Explosives, and/or the Drug Enforcement Administration, would seek to regulate it and issue rules and regulations related to the growth, cultivation, harvesting, processing, marketing and/or sale of cannabis. In the event that any Federal rules or regulations are adopted, such rules or regulation could have a significant impact on the cannabis industry and what costs, operating requirements and possible restrictions are imposed on the Portfolio Companies or the Clients.

Laws and regulations affecting the cannabis industry are continually changing, which could detrimentally affect the operations of the Portfolio Companies. Local, state and Federal medicinal cannabis laws and regulations are broad in scope and subject to changing interpretations. These changes may require the Portfolio Companies to incur substantial costs associated with legal and compliance fees and ultimately require the Portfolio Companies to alter their business plans. Furthermore, actual or alleged violations of these laws could disrupt the business of the Portfolio Companies and result in a material adverse effect on the investment returns of a Client.

*Cannabis remains illegal under federal law.*

Cannabis is illegal under federal law and is a Schedule-I drug under the Controlled Substances Act (“CSA”). Even in those states in which the production, sale, and use of cannabis or cannabis

related products has been legalized, such activity remains a violation of federal law. Since federal law could preempt state laws, strict enforcement of federal law regarding cannabis could result in the inability of the Clients or their Portfolio Companies to proceed with their business plans, which would materially and adversely affect the Clients and likely result in the loss of Investors' investments.

There are many states that have laws and/or regulations that legalize, in one form or another, the production or use of cannabis or cannabis related products for medical or recreational purposes. Other states are considering similar legislation. Conversely, under the CSA, the policies and regulations of the federal government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until Congress amends the CSA with respect to cannabis (as to the timing or scope of any such potential amendments, there can be no assurance) there is a risk that federal authorities may enforce current federal law, which would significantly adversely affect the business and operations of the Portfolio Companies and the Clients. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings, and stated federal policy remains uncertain.

*BoldRose, the Clients, the Portfolio Companies, and Investors face a risk of federal and state prosecution for violating laws related to cannabis.*

The Clients invest in companies in various sectors of the cannabis industry, including in companies that directly engage in the production, distribution, or sale of cannabis or cannabis related products. Such companies are subject to a variety of laws and regulations and face a high risk of scrutiny from federal and state officials. If such companies, or their employees, are prosecuted for violating state or federal laws, there is a risk that the Clients, BoldRose, and Investors could be prosecuted as well. Prosecution of BoldRose, the Clients, the Portfolio Companies, or Investors would materially and adversely affect them and may result in the complete loss of Investors' investments.

While the U.S. Department of Justice rescinded the Ogden and Cole Memoranda in January 2018, the Company will invest in companies that are committed to complying with the principles from those memoranda on a going-forward basis. Nonetheless, the risk of prosecution cannot be entirely mitigated, and the overall policies and priorities of federal and state governments are subject to change. Despite efforts to ensure compliance and responsible operations on a going-forward basis, federal and state governments could still investigate and prosecute the Clients, the Portfolio Companies, BoldRose, and the Investors, or any of their respective employees, for violations of the CSA and other related or similar laws, including anti-money laundering laws. The Clients, the Portfolio Companies, BoldRose, and the Investors, and any of their respective employees, could also be subject to prosecution for past violations of state and/or federal laws. Such prosecution could also result in asset forfeitures. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture. Even if efforts to contest any prosecution are successful, the costs of litigation could be substantial.

*The Clients and their Portfolio Companies may be subject to licensing risks.*

The business of the Clients and their Portfolio Companies may be subject to a variety of laws, regulations, and guidelines related to the manufacture, management, transportation, storage, and

disposal of marijuana and marijuana infused products, including laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment. The Portfolio Companies also often work with affiliates and business partners that are subject to such laws, regulations, and guidelines. Changes to these laws, regulations, and guidelines may have a material adverse impact on the Clients. Additionally, the Clients, their Portfolio Companies, or their affiliates or business partners could be required to obtain, amend, renew, or maintain permits or licenses for their current or contemplated business activity. Obtaining, amending, renewing, or maintaining the necessary governmental permits and licenses can be a time-consuming process, potentially involving numerous regulatory agencies, public hearings, and costly undertakings, and may also require disclosure of information about the Clients' Investors to regulators. The duration and success of the permitting or licensing processes are uncertain and beyond the control of BoldRose, the Clients, their Portfolio Companies, or their affiliates or business partners. The Clients, their Portfolio Companies, or their affiliates or business partners could also be unable to obtain, maintain, amend, or renew certain licenses for a variety of reasons, including claimed or actual violations of applicable laws, regulations, or guidelines. The inability to obtain, maintain, amend, or renew any necessary permits or licenses, or a delay in being able to do so, could impede the Clients' performance. To the extent necessary permits or licenses are never obtained, amended, or renewed, or are revoked for any reason, it could have materially adverse effects on the Clients.

In addition, due to disclosure requirements and the evolving cannabis regulatory licensing framework in various states in which the Portfolio Companies operate, many of them do not directly hold cannabis manufacturing licenses in certain jurisdictions. Such companies will partner with state licensed entities that: (1) often have overlapping ownership with founders or key employees of BoldRose or the Portfolio Companies, and (2) provide, or, pursuant to contractual obligations, will soon provide, a substantial portion of the earnings achieved by the state-licensed entities to the Portfolio Companies. Such partnerships are subject to intercompany agreements that are heavily regulated. Any changes in such regulations could have a material adverse impact on the Clients.

*The Portfolio Companies may be subject to product liability claims and product recalls.*

As manufacturers, distributors, and retailers of products designed to be ingested by humans, some Portfolio Companies face an inherent risk of exposure to product liability claims, regulatory action and litigation if their products cause or are alleged to have caused significant loss or injury. In addition, the manufacture and sale of marijuana involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of marijuana alone or in combination with other medications or substances could occur. As their role as an investor in or service provider to an entity that is a manufacturer, distributor and/or retailer of adult-use or medical marijuana, the Clients may also be subject to various product liability claims.

Manufacturers, distributors, and retailers of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management

attention. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Portfolio Company's products were subject to recall, the image of that product and the Portfolio Company could be harmed.

*The Portfolio Companies may not successfully develop new product lines and services or improve existing product lines and services or maintain their effectiveness in reaching consumers through rapidly evolving communication vehicles.*

The success of the Portfolio Companies depends, in part, upon their ability to improve their existing product lines, products, and services and to develop, manufacture and market new product lines, products, and services to meet evolving consumer needs, as well as to leverage new mediums such as digital media and social networks to reach existing and potential consumers. The Portfolio Companies cannot be certain that they will be successful in developing, manufacturing and marketing new product lines, products, and services or product innovations which satisfy consumer needs or achieve market acceptance, or that they will develop, manufacture and market new product lines and products or product innovations in a timely manner. If they fail to successfully develop, manufacture, and market new product lines, products, services, or product innovations, or if they fail to reach existing and potential consumers, their ability to maintain or grow market share may be adversely affected, which in turn could materially adversely affect the Portfolio Company's results. In addition, the development and introduction of new product lines, products, services, and product innovations require substantial research, development, and marketing expenditures, which the Portfolio Companies may be unable to recoup if such new product lines, products, services, or innovations do not achieve market acceptance.

*BoldRose, the Clients, the Portfolio Companies, and Investors may have difficulty accessing the service of banks, which may make it difficult for them to operate.*

Since cannabis is illegal under federal law, there is a risk to banks for accepting deposits from businesses and individuals involved with the cannabis industry. Consequently, businesses and individuals involved in the cannabis industry often have existing banks terminate relationships and have difficulty finding a bank willing to accept their business. The inability to open or maintain bank accounts may make it difficult for BoldRose, the Clients, and the Portfolio Companies to operate.

*BoldRose, the Clients, the Portfolio Companies, and Investors may not have access to U.S. bankruptcy protections.*

Because cannabis is illegal under U.S. federal law, many courts have denied cannabis businesses and individuals involved in the cannabis industry bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Clients or their Portfolio Companies were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available.

*The Clients and the Portfolio Companies may be subject to unfavorable tax treatment.*

Under Section 280E of the U.S. Tax Code, "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or

business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the CSA) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.” Section 280E currently applies to businesses operating in the cannabis industry, irrespective of whether such businesses are licensed and operating in accordance with applicable state laws, and the Internal Revenue Service has applied Section 280E narrowly in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. In addition, certain news reports have indicated that the Internal Revenue Service may soon increase enforcement activity with respect to Section 280E. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, and recent legislative proposals, if enacted into law, could eliminate or diminish the application of Section 280E to cannabis businesses, there is no guarantee that these courts will issue an interpretation of Section 280E that is favorable to cannabis businesses and the enactment of any such law is uncertain. Application of Section 280E to the Clients and the Portfolio Companies in a way that is more significant than currently anticipated would have a material adverse impact on the Clients and the Portfolio Companies.

*BoldRose, the Clients, and the Portfolio Companies may have limited access to insurance.*

Given the reluctance of most insurance companies to participate in the cannabis industry, BoldRose, the Clients, and the Portfolio Companies face increased costs for insurance that is otherwise readily available to traditional businesses, such as workers compensation, general liability, and directors and officers insurance. There are no guarantees that BoldRose, the Clients, and the Portfolio Companies will be able to find such insurances in the future, or that the cost will be affordable. The failure to obtain insurance could expose the BoldRose, the Clients, and the Portfolio Companies to substantial risks of loss.

*Market Competition in the Cannabis Industry is Significant.*

The medical and recreational cannabis markets are competitive and evolving at a rapid pace. In particular, the Portfolio Companies may face strong competition from larger companies that may be in the process of offering similar products and services. These current and potential competitors may have longer operating histories, significantly greater financial, marketing and other resources, and larger client bases than the Portfolio Companies.

*BoldRose, the Clients, and the Portfolio Companies may experience challenges in enforcing contracts.*

Because cannabis remains illegal under U.S. federal law, judges may refuse to enforce contracts in connection with activities that violate federal law, even if there is no violation of U.S. state law.

*BoldRose, the Clients, and the Portfolio Companies may experience challenges in engaging service providers.*

As a result of any adverse change to the approach in enforcement of U.S. cannabis laws, adverse regulatory or political change and/or adverse change in public perception in respect of the



consumption of marijuana or otherwise, third party service providers to BoldRose, the Clients, and Portfolio Companies could suspend or withdraw their services. Many service providers are also reluctant to service clients in the cannabis industry in the first instance.

*Investors may face tax risks.*

Investors should consult their tax advisors regarding the tax consequences of their investments in the Clients and any potential disclosures that may be required by their taxing authority. Moreover, tax laws change on a frequent and unpredictable basis. BoldRose is not a tax advisor, although certain of its investment strategies may consider the potential tax implications of investment decisions.

*BoldRose, the Clients, and the Portfolio Companies are subject to cybersecurity risks.*

The technology systems of BoldRose, the Clients, the Portfolio Companies, and their service providers may be vulnerable to inadvertent or deliberate interruption and consequent damage from technical or human sources. In addition to natural catastrophes, service/power outages, and network or telecommunication failures, security breaches and intrusion by unauthorized persons could result in damage, disruption, and theft of data, including Investor information. BoldRose, the Clients, and the Portfolio Companies have implemented cybersecurity procedures meant to address these risks. Nevertheless, given the fundamental dependence on technology, a cyber-attack or similar technology disruption could have a material adverse impact on BoldRose, the Clients, the Portfolio Companies, and Investors. Additionally, there are inherent limitations in cybersecurity policies and procedures and controls including the possibility that certain risks have not been identified. BoldRose has conducted limited due diligence and risk assessments of third-party providers. However, BoldRose is not able to control the cybersecurity plans, breach notifications, incident response plans and controls put in place by other service providers and/or the issuers in which the client invests. It is in the Investors' best interest to monitor all of their accounts on a regular basis and stay informed to cybersecurity best practices.

*If the Portfolio Companies fail to protect their intellectual property, the Clients' results could be adversely affected.*

The viability of certain Portfolio Companies may depend, in part, on their ability to develop and maintain the proprietary aspects of their technology to distinguish their products from competitors' products. Portfolio Companies may rely on copyrights, trademarks, trade secrets, and confidentiality provisions to establish and protect their intellectual property. Any infringement or misappropriation of the intellectual property of Portfolio Companies could damage their value and limit their ability to compete. They may have to engage in litigation to protect the rights to their intellectual property, which could result in significant litigation costs and require a significant amount of time.

Competitors may also harm Portfolio Company sales by designing products that mirror the capabilities of Portfolio Company products or technology without infringing on intellectual property rights. If Portfolio Companies do not obtain sufficient protection for their intellectual property, or if they are unable to effectively enforce their intellectual property rights, or protect their trade secrets, their competitiveness could be impaired, which could limit their growth and

revenue and in turn the Clients' results. It is also possible that Portfolio Companies could be subject to a claim that they infringed on or violated the intellectual property rights of others.

The United States Patent and Trademark Office does not allow trademarks directly related to cannabis and cannabis products to be registered due to the illegal nature of the business and products under federal law. While patent protection for inventions related to cannabis and cannabis products is available, there are substantial difficulties faced in the patent process by cannabis related businesses. There can be no assurances that any proprietary business processes, patents, copyrights or trademarks that may be issued to a cannabis business will offer any degree of protection.

### **Conflicts of Interest**

The discussion below identifies certain actual and potential conflicts of interest that may arise. BoldRose can give no assurance that conflicts of interest will be resolved in favor of the Investors.

*Management fees and other fees may create a conflict of interest.*

Many Clients pay BoldRose a management fee regardless of the performance of the Clients or the Portfolio Companies. At times, BoldRose receives fees from Portfolio Companies (including, but not limited to, management and board of director fees) that will be retained and not shared with Investors. The existence of these fees may misalign the interests of BoldRose, the Clients, and the Investors.

Performance-based compensation paid to BoldRose by the Clients may create an incentive for BoldRose to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments than would be the case if such carried interest were not allocated to the General Partner and affiliates of BoldRose.

*There is no separate professional representation for an Investor.*

The attorneys, accountants, and other professionals who perform services for the Clients may also perform similar services for BoldRose and future entities managed by or involving BoldRose. These professionals do not represent the Investors.

*The Investors are a diverse group.*

The Investors may have conflicting investment, tax and other interests with respect to their investments in the Clients. As a consequence, conflicts of interest may arise in connection with decisions made by BoldRose, including with respect to the nature or timing of dispositions of investments, and such decisions may be more beneficial for one Investor than for another, especially with respect to the Investors' individual tax situations. In making such decisions, BoldRose will consider such investment and tax objectives of the Clients and their Investors as a whole, not the investment, tax or other objectives of any Investor individually.

*BoldRose and its Affiliates may invest in Portfolio Companies and different Clients may invest in the same Portfolio Companies.*

Under certain circumstances, the Clients may be offered an opportunity to make an investment in connection with a transaction in which BoldRose and/or one or more of its affiliates is expected to or seeks to participate, or in a company in which BoldRose and/or one or more of its affiliates (including other Clients) already has made, or concurrently will make or seek to make, an investment. In connection with such investments, the Clients, on the one hand, and BoldRose and its affiliates (including other Clients), on the other hand, may have conflicting interests and investment objectives, including with respect to the operation of the Portfolio Company, the targeted returns from the investment and the timeframe for and method of exiting the investment.

If a Portfolio Company in which the Clients, BoldRose, and/or any affiliate of BoldRose hold different classes of securities encounters financial problems, decisions over the terms of any workout may raise conflicts of interest (including conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of such Portfolio Company in which it will be paid in full, whereas an equity holder might prefer reorganization that could create value for the equity holders.

*BoldRose will make other investments and has other investment vehicles.*

Under certain circumstances, partners, employees, or affiliates of BoldRose may make investments separate and apart from, or alongside with, a Client. As set forth in a Client's offering documents, BoldRose and its partners and employees will be permitted to manage their own separate investments and other investment funds, separately managed accounts, and similar vehicles (including vehicles that co-invest with a Client) during a Client's term, any of which may compete with a Client for investment opportunities, management time and attention, or otherwise.

Under certain circumstances, a Client may invest in companies in which other Clients or partners or employees of BoldRose have a pre-existing interest or subsequently acquire an interest via different investment funds, separately managed accounts, or other means. Among other considerations, when other Clients and partners and employees of BoldRose hold interests in Portfolio Companies other than through a Client, those interests may substantially differ from such Client's interests in such companies due to differences in liquidation preference, voting rights, or other investment terms. This may result in such other Clients and partners and employees of BoldRose having personal investment interests that directly conflict with the interests of a Client.

Except to the limited extent specifically provided in a Client's offering documents, neither BoldRose nor its partners, employees, or affiliates will have any obligation to alter their own investment activities or the activities of any other investment fund or separately managed account in order to protect or promote the interests of a Client.

Except to the limited extent specifically provided in a Client's offering documents, Investors should assume that a Client will not have a "right" to participate in any investment opportunity made available to BoldRose or its partners, employees, or affiliates, and that any such opportunity may be presented to other persons. This may include providing other persons (including some, but not all, Investors) with the opportunity to co-invest with a Client or with partners or employees of

BoldRose on a deal-by-deal or continuing basis. BoldRose and its partners and employees have pursued investment opportunities for their own account and without the participation of the Clients, and may do so again in the future, subject to any requirements in the offering documents of the Clients.

## **Item 9. Disciplinary Information**

There are no material legal or disciplinary events related to BoldRose. Therefore, this item is not applicable.

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

Neither BoldRose nor any of its related or management persons have any material relationships with broker-dealers, futures commission merchants, commodity pool operators, commodity trading advisors, investment companies or other pooled investment vehicles, banking or thrift institutions, accountant or accounting firm, lawyer or law firm, insurance companies or agencies, pension consultants, real estate brokers or dealers, or any sponsors or syndicators of limited partnerships.

BoldRose is affiliated with the General Partner. This affiliate provides investment management services to Rose Capital Fund I, LP and is included in BoldRose's investment adviser registration application with the SEC.

BoldRose or the General Partner will be responsible for all decisions regarding portfolio transactions of Rose Capital Fund I, LP and have full discretion over the management of such Client's investment activities. The General Partner's investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, persons acting on behalf of the General Partner are subject to the supervision and control of BoldRose. Thus, the General Partner and all of the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act against the General Partner.

In addition, supervised persons of BoldRose will generally serve as directors and officers of certain Portfolio Companies and, in that capacity, will be required to make decisions that consider the best interests of such Portfolio Companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a Portfolio Company, actions that may be in the best interests of the Portfolio Company may not be in the best interests of the respective Client, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individuals' duties as a supervised person of BoldRose and such individuals' duties as a director or officer of such Portfolio Company.

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

Pursuant to Rule 204A-1 of the Advisers Act, BoldRose has adopted a Code of Ethics. All BoldRose employees, officers, directors, and other personnel with access to BoldRose Client and Investor information, Portfolio Company information, and/or trading information must adhere to its Code of Ethics, which requires each of the foregoing persons to act in the best interests of BoldRose Clients and Investors, and in compliance with applicable laws and regulations. The Code of Ethics, personal trading policies, confidentiality procedures regarding the handling of material non-public information, and other aspects of corporate compliance, are all part of the compliance procedures BoldRose has established for its business and operations (the “Compliance Procedures”). BoldRose’s chief compliance officer (Arin Aragona) administers and enforces the Compliance Procedures to ensure that all of the foregoing persons (a) understand and acknowledge the Compliance Procedures, and (b) report to the compliance officer any violations thereof.

BoldRose permits employees, officers, directors, and other personnel, and their family members and dependents, to engage in personal account trading subject to the Compliance Procedures noted above.

BoldRose has adopted policies and procedures that are designed to prevent the misuse of material nonpublic information. BoldRose employees, officers, directors, and other personnel (including their family members and dependents) may not trade, either personally or on behalf of a Client, on material nonpublic information or communicate material nonpublic information to another person in violation of the law. This policy applies to all BoldRose personnel and extends to their activities both within and outside their duties at the company.

BoldRose employees, officers, directors, and other personnel, and related persons and entities, may and will invest in Clients managed by BoldRose. BoldRose or its personnel also may engage in securities transactions with certain Investors or may recommend investments in Portfolio Companies in which BoldRose or its personnel have a beneficial or financial interest. Such transactions may include co-investment opportunities in Portfolio Companies which are offered to some but not all Investors, and/or BoldRose’s personnel.

BoldRose and its employees, officers, directors, and other personnel generally do not intend to buy securities from or sell securities to its Clients (a “principal transaction”). Additionally, it is not contemplated that BoldRose will recommend that one Client purchase securities from, or sell securities to, another Client (a “cross transaction”). BoldRose has established policies and procedures relating to principal transactions and cross transactions in accordance with the Advisers Act, and will not engage in a principal transaction without first providing appropriate disclosure and obtaining the informed consent of such Client prior to the consummation of such transaction.

## **Item 12. Brokerage Practices**

### **Public Securities**

As an adviser to private equity funds, BoldRose does not generally make investments in securities listed on national exchanges, though it may in the future make opportunistic investments in publicly traded securities on behalf of Clients. While BoldRose primarily makes investments directly with private issuers, there may be situations where BoldRose places a trade(s) through a broker, particularly if there has been a liquidity event in a portfolio holding. In such an event, BoldRose will seek “best execution” in light of the circumstances involved in transactions. In selecting a broker for any transaction, BoldRose may consider a number of factors, including, for example, the broker’s reputation, net price or spread, financial strength and stability, market access, efficiency of execution and error resolution, and the size of the transaction. Additionally, BoldRose will consider the ability of the broker-dealer to transact in securities of publicly traded cannabis companies. BoldRose will not be obligated to obtain the lowest commission or best net price for a Client on any particular transaction.

BoldRose will monitor transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers that BoldRose uses in order to determine that commission rates are competitive and otherwise to evaluate the reasonableness of the commission rates paid to those brokers and dealers in light of all the factors described above. BoldRose does not have any formal or informal soft dollar arrangements, nor does BoldRose receive any soft dollar benefits from any broker, dealer or other counterparty. BoldRose may, however, from time-to-time receive unsolicited research from brokers, dealers and banks. In circumstances in which BoldRose uses such research, the quality and ability to receive research may factor into the selection of broker-dealers executing portfolio trades. Even in these cases, the broker-dealer’s ability to achieve best execution for Clients will remain the primary factor influencing the selection of a broker-dealer. Additionally, BoldRose does not permit Clients to direct brokerage to any particular broker. BoldRose does not participate in or accept any soft dollar benefits or have any commission sharing arrangements or directed brokerage programs.

### **Allocation of Investment Opportunities**

BoldRose’s policy is to allocate investment opportunities among its Clients in a fair and equitable manner, consistent with its fiduciary obligations. BoldRose does not guarantee any Client, or the Clients as a whole, the right to invest in any particular transaction. Each Client will be considered independent from any other Client, and all investment decisions will be implemented from the perspective of that Client only.

BoldRose will evaluate a decision to acquire or dispose a potential investment on behalf of each Client based the allocation factors outlined below:

- Investment objectives and strategy of each Client;
- Financials of the prospective investment (e.g., adjusted EBITDA);
- Investment limitations and restrictions as noted in each Client’s governing documents;



- Remaining life of each Client;
- Expected investment holding period;
- Diversification and concentration by security type or industry sector;
- Available capital and capital commitments of each Client; and
- Size concentration (investment relative to overall Client size).

The above factors form the basis for the allocation of investment opportunities among eligible Clients, but are in addition to general allocation policies and procedures to ensure that:

- Clients are treated fairly over time regarding the acquisition or sale of investment holdings;
- Investment opportunities are allocated among Clients at arm's length, subject to such Client's governing documents;
- Accurate records of allocations are maintained;
- All known conflicts of interests in its allocation and implementation practices are addressed by appropriate disclosure and/ or consent; and
- Allocation decisions are appropriately documented prior to the investment closing.

### **Item 13. Review of Accounts**

BoldRose reviews each Client's portfolio on a continual basis. BoldRose engages in active management of our Clients and, therefore, all Client accounts are reviewed no less than quarterly by BoldRose's chief financial officer and other BoldRose executives.

BoldRose monitors and analyzes the transactions, positions, and investments of Client portfolios to ensure that they conform to the Client's investment objectives and guidelines. Many investments made by the Clients are private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, BoldRose monitors Portfolio Companies in which the Clients invest. BoldRose monitors such Portfolio Companies' operations, overall performance, financial performance and strategic direction.

BoldRose will distribute annual audited financial statements with respect to the previous fiscal year to all Investors in Rose Capital Fund I, LP within 120 days of such Client's fiscal year end. BoldRose may also distribute other interim and annual reports to Investors in all Clients, including but not limited to, quarterly updates to Investors summarizing the relevant Client's performance for such calendar quarter.

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

BoldRose receives certain fees from some Portfolio Companies in connection with the management, purchase, monitoring or disposition of investments or in connection with unconsummated transactions (e.g., transaction, directors', consulting, management, investment banking, advisory, closing, topping, break-up and other similar fees).

During future fundraising cycles, BoldRose may compensate placement agents who introduce new Investors that commit capital to a Client. BoldRose will compensate placement agents pursuant to a written agreement consistent with the requirements of Rule 206(4)-3 under the Advisers Act and applicable state laws and regulations. Any fees and expense payable to any such placement agents are generally borne by BoldRose.

## **Item 15. Custody**

Certain Client assets are held in custody by unaffiliated broker/dealers, banks, or other institutions, however, BoldRose is deemed to have custody over the assets of some Clients either by virtue of its status as a general partner to such Clients, or because an affiliate of BoldRose serves as a general partner to such Clients. Generally, BoldRose shall comply with the Advisers Act custody rules as follows: each Client whose assets are deemed to be in the custody of BoldRose will (i) be subject to annual audit by an independent accountant registered with the Public Company Accounting Oversight Board; (ii) distribute its audited financial statements prepared in accordance with generally accepted accounting principles to all Investors within 120 days of the end of its fiscal year; and (iii) upon liquidation, distribute its audited financial statements to all Investors promptly after the completion thereof. Such audits will include any funds and certificated securities that, as required by applicable law, are placed in custody with a qualified custodian.

Should any Client not be subject to the annual audit procedure described above, such Client shall undergo an annual verification of the Client's funds and securities conducted by an independent public accountant. The procedures for such verification may include confirmation of the Client's assets as well as confirmation of contributions and withdrawals (or capital calls/distributions or subscriptions/redemptions).

## **Item 16. Investment Discretion**

BoldRose has discretionary authority, pursuant to investment management agreements in place with Clients (and, with respect to the Operating Companies, subject to their boards' approval), to select the securities and investments to be bought or sold and the amount thereof and the brokers or dealers through which transactions will be executed. Investors generally cannot place any limits on BoldRose's authority beyond the limitations set forth in the applicable Client's offering and governing documents.

## **Item 17. Voting Client Securities**

BoldRose has adopted policies and procedures governing the voting of client securities in accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act. The policies seeks to ensure that BoldRose votes proxies in the best interest of a Client, including where there may be material conflicts of interest in voting proxies. BoldRose generally believes its interests are aligned with those of each Client's Investors, for example, through the BoldRose principals' beneficial ownership interests in such Client and therefore will not seek Investor approval or direction when voting proxies. When proxies are required to be voted, the proxies/corporate actions will be reviewed and analyzed by BoldRose's investment professionals. Prior to voting, BoldRose will make a determination, in its opinion, as to what vote is in the best interest of the Client.

Upon request, BoldRose will provide Clients and prospective clients with a copy of its proxy voting policies and procedures and/or a record of all proxy votes cast by the Clients.

## **Item 18. Financial Information**

BoldRose does not require or solicit prepayment of fees per Client six months or more in advance.

BoldRose is not aware of any financial conditions that would be reasonably likely to impair BoldRose's ability to meet contractual commitments to the Clients.

BoldRose has not been the subject of a bankruptcy petition.