

VSR Capital Management LP

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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of VSR Capital Management LP. If you have any questions about the contents of this brochure, contact us at 415-501-9987. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about VSR Capital Management LP is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last ADV, dated February 8, 2022, we have no material changes to report.

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Item 4 Advisory Business

VSR Capital Management LP ("VSR") is a Delaware limited partnership that was formed on August 25, 2021. VSR's general partner is VSR Capital LLC, a Delaware limited liability company that was also formed on that date. Sanjeev Rao is VSR's Managing Partner and controls VSR and VSR Capital LLC.

As of March 23, 2022, VSR has \$204,473,651 in Assets Under Management.

Services Offered

VSR offers investment management and other services. VSR also may form or manage one or more private investment funds (each, an "SPV") in the future that make specific investments on behalf of its clients and other investors in private companies, private investment funds or other type of investments.

The scope of VSR's advisory services varies depending on the specific arrangement with each client. The range of investment advisory services VSR provides includes one or more of the following (this is not an exclusive list and our arrangements differ materially among our clients).

Investment Management Services

VSR generally provides investment management services on a discretionary basis. If granted discretionary authorization to make trades in client accounts, VSR effects transactions without the client's prior consent. From time to time VSR may engage, or recommend that clients engage, third party investment management firms ("Independent Managers") to manage assets in the form of separately managed accounts or through private investment funds. Fees for third party managers are in addition to any fees charged by VSR.

To tailor its services to the individual needs of each individually managed account, VSR:

- Manages each such account based on the client's financial situation and investment objectives and in accordance with any restrictions that the client imposes on managing the account.
- At least annually, contacts each client (either in person or by telephone) to ask about any changes in the client's financial situation or investment objectives and whether the client desires to impose or modify any restrictions on managing the account.
- Notifies each client quarterly in writing to contact VSR if there are any changes in the client's financial situation or investment objectives, or if the client desires to impose or modify any restrictions on managing the account.
- VSR makes itself reasonably available to clients for consultation.

Other Services

VSR will provide additional services from time to time as clients request. Additional services may include, but are not limited to, facilitating family governance, special projects, comprehensive risk management, overseeing the establishment and administration of closely held client entities such as trusts and foundations, execution of planning strategies, estate pre-administration, and oversight of clients' legal and tax advisors.

IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

SPVs

SPV investors generally may not withdraw any capital from an SPV, except as otherwise provided in an SPV's offering documents. For example, investors may be permitted to withdraw capital periodically from an SPV that invests in a private investment fund, if that fund itself permits withdrawals. Distributions are made at VSR's discretion and at the end of the SPV's term, as provided in the SPV's offering documents.

Non-Comprehensive List

The foregoing is not a comprehensive list of services that VSR provides to clients, nor are the descriptions necessarily the only ways in which the services are provided. Clients should refer to their client and service agreements for information regarding the services applicable to them.

Item 5 Fees and Compensation

Investment Management and Other Services

Clients generally are charged a fixed fee or a fee based on a percentage of the net market value of the assets placed under VSR's management, typically, 0.5%, subject to a minimum of \$50,000. Fees are negotiable on a client-by-client basis, however, and are determined based on a number of factors including but not limited to the amount and type of work involved, the size of the relative portfolios and

the amount of VSR's resources dedicated to providing the services. Clients will be billed on a quarterly basis in advance, based on the settlement date balances on the closing day of the prior quarter as reflected on client statements.

VSR typically deducts fees directly from client accounts.

A client may terminate its agreement with 60 days' written notice at any time prior to the expiration date of the agreement.

Also, as further discussed in Item 10 below, VSR will select Independent Managers from those made available by brokers that act as custodians and brokers for VSR's client accounts, such as Charles Schwab & Co., Inc. ("Schwab") or Fidelity Brokerage Services and National Financial Services, LLC (together, "Fidelity"). Independent Managers that VSR recommends to clients charge fees in addition to and separately from VSR's fees and typically bill clients on a quarterly basis. Those fees and other terms may be disclosed to clients in each Independent Manager's Form ADV, in the information provided by the brokers to VSR or its clients, or in the account agreements executed by the brokers and VSR and the client. Also, brokerage firms such as Schwab and Fidelity charge custodial fees and brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for individual securities, certain no-load mutual funds and certificates of deposit, and commissions and fees are charged for individual securities transactions). VSR may elect to cause client accounts to pay an asset-based fee to the brokerage firm with respect to some or all of the assets held in the client account. Brokerage firms may charge a client account additional fees for certain services even when the client account pays an asset-based fee.

VSR typically debits a client's account for any amount owing to VSR. If VSR causes a client's account to pay VSR directly, VSR submits to the client a statement (generally included in the periodic letter to the client) showing the amount due, the value of the client's portfolio on which the debit is based and the specific manner in which the debit was calculated, and submits a request for payment to the account's custodian. Each client is responsible for verifying the accuracy of the fee calculation and the custodian will not determine whether the fee is properly calculated.

In addition to VSR's fees, fees charged by Independent Managers, custodial fees, brokerage commissions, transaction fees and asset-based fees, a client account that invests in mutual funds or exchange-traded funds will also incur charges imposed at the fund level (e.g. management fees and other expenses).

SPVs

VSR or its affiliate will receive a performance-based carried interest distribution on a liquidity event or annual performance-based profit allocation, as detailed in each SPV's offering materials. VSR also may receive a management fee as detailed in each SPV's offering materials. As a result of the carried interest distribution or profit allocation, returns realized by SPV investors are substantially less than the returns they would realize from engaging in the same activities directly. Relationships with SPVs are terminable on expiration of the SPV's term, on dissolution of the partnership or on a withdrawal by VSR or its affiliate as the SPV's general partner. SPV investors generally may not withdraw any capital from an SPV, except as otherwise provided in an SPV's offering documents.

The value of a client's investment in any such SPV is included in the advisory fee calculation for that client, which can result in that client indirectly paying multiple layers of fees. In addition, SPVs may invest in other private funds. In that case, SPVs will incur fees and expenses imposed by that private fund (e.g., management fees, performance-based fees and other expenses).

General Disclosures

VSR believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests with VSR to use the "alternative reporting option" to report VSR's compensation as "eligible indirect compensation" on Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

VSR complies with Rule 205-3 under the Investment Advisers Act of 1940, to the extent required by applicable law. Performance-based fees, profit allocations and carried interest distributions may create an incentive for VSR to make more risky and speculative investments than it would otherwise make.

On termination of any client account, expenses, the pro rata portion of the management fee through the date of termination are charged to the account. All prepaid but unearned advisory fees are refunded on termination of a client's account.

Each account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and the fees and expenses charged by any fund administrator for its accounting, bookkeeping and other services. VSR bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above or as detailed in the SPVs' offering documents. All or part of these costs and expenses may be paid, however, by securities brokerage firms and futures commission merchants that execute clients' securities trades, as discussed in Item 12 below.

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

VSR may be entitled to performance-based carried interest distributions or performance-based profit allocations from any SPVs that it forms and manages in the future. VSR has an incentive to allocate investment opportunities to the SPVs instead of its client accounts from which it does not receive performance-based compensation.

To seek to address these conflicts of interest, among other actions, VSR allocates investment opportunities among its clients in accordance with its allocation policy.

Item 7 Types of Clients

VSR provides investment management and other services to high-net-worth families, corporations, LLCs or other entities, and trusts, estates or charitable organizations. VSR also may form and manage SPVs, which will be offered to its clients and to other investors. VSR generally requires a minimum of \$20,000,000 to open an individually managed account or provide other services, but may waive this minimum. SPV investors are required to invest a minimum of \$250,000, but VSR may waive this minimum.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy - Investment Management and Other Services

VSR evaluates each client's investments and discusses with the client their financial objectives. VSR will propose a portfolio to help clients attain their financial goals. In designing investment plans for clients, VSR relies upon the information supplied by the client and client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management, short-term and long-term lifetime financial goals and objectives, investment time horizon, and perceived current tolerance for risk. VSR develops a diversified investment portfolio by mixing different assets in varying proportions depending on client objectives and current economic climate.

Investment Strategy - SPVs

The SPVs' investment objective is to realize substantial long-term capital appreciation through specific investments in private companies, private investment funds or other types of investments. These investments typically have a time horizon of two or more years (and may in some cases have a significantly longer time horizon).

All Clients

The investment strategies summarized above represent VSR's current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities in which VSR may take positions on behalf of its clients, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. VSR may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, VSR may pursue any objectives or use any techniques that it considers appropriate and in clients' interest.

Risk Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that VSR or an Independent Manager manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. Below is only a brief summary of some of the risks that a client or an investor may encounter. Potential SPV investors should review such fund's offering materials carefully and in their entirety, and consult with their professional advisers before deciding whether to invest. The risks described below also generally apply to individually managed accounts. A potential client should discuss with VSR's representatives any questions that such person may have before opening an account.

Risk Factors Applicable to All Clients

- Client accounts may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect an account's investments.
- An account may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.

- VSR or an Independent Manager may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. VSR or an Independent Manager also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.
- VSR or an Independent Manager may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- VSR or an Independent Manager may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. VSR or an Independent Manager is not obligated to hedge a client's portfolio positions, and it frequently may not do so.
- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- VSR or an Independent Manager may sell securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase.
- VSR or an Independent Manager may use leverage by borrowing on margin, selling securities short and trading futures, other commodity interests and derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- VSR or an Independent Manager may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- Counterparties such as brokers, dealers, futures commission merchants, custodians and administrators with which VSR does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- VSR or an Independent Manager may cause a client to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- VSR or an Independent Manager may cause clients to invest in securities of non-U.S., private and government issuers. The risks of these investments include: political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- VSR or an Independent Manager may acquire for a client a large position in an issuer's securities but the client nevertheless is unlikely to have any control over the issuer's management. In addition, if VSR or an Independent Manager holds a large position in an issuer's securities, it could depress the market for those securities.
- Some of an account's positions may be or become illiquid, in which case VSR or an Independent Manager may not be able to sell such positions.
- An account may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.
- An account's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which an account has invested may cause significant losses.
- VSR or an Independent Manager determines the value of securities and commodities held in

client accounts, whether or not a public market exists for such instruments. If VSR's or an Independent Manager's valuation is inaccurate, it might receive more compensation than that to which it is entitled.

- Depending on the terms of each client's agreement, the client and not VSR or the Independent Manager is responsible for any trade errors that VSR or the Independent Manager makes in an account, even when the error hurts the client.
- VSR, any Independent Manager and their affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached VSR's or the Independent Manager's fiduciary duty to the client or investor or otherwise breached the standard of care applicable under the account agreement or fund documents.
- VSR is not registered with the SEC as a broker-dealer, or with the Commodity Futures Trading Commission as a commodity pool operator or commodity trading adviser. The equity interests in the SPVs are not registered under the Securities Act of 1933, and the SPVs are not registered investment companies under the Investment Company Act of 1940. VSR believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, VSR and any SPV could be subject to expensive legal action and potential termination. In addition, investors in the SPVs do not have certain regulatory protection that they would have if these registrations were in place.
- VSR's or an Independent Manager's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.
- VSR's or an Independent Manager's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- VSR, the Independent Managers and their affiliates may spend time on activities that compete with an account without accountability to investors, including investing for other clients and their own accounts. If VSR or an Independent Manager receives better compensation and other benefits from managing other assets or client accounts, it has incentive to allocate more time to those other activities.
- VSR or an Independent Manager may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other investors or clients.
- Some Independent Managers and managers of private funds in which SPVs invest are compensated based on performance (including unrealized appreciation) during specific periods. Such performance fee arrangements may create an incentive to make riskier investments.
- VSR has no control over the day-to-day operations of any Independent Managers or private funds in which SPVs invest. The success of those investments depends on the ability of the Independent Managers or private fund managers, in addition to economic and market factors.
- An Independent Manager or private fund manager may deviate from its stated or expected investment strategy over time ("style drift"). VSR relies primarily on information provided by those managers in assessing their strategies. Style drift means that an SPV or account may be exposed to particular markets or strategies to a greater or lesser extent than VSR anticipated.
- When an account invests with an Independent Manager or an SPV invests in a private fund, VSR does not have custody of those assets or control over their investments. The manager could divert or abscond with the assets, provide false reports of operations, or engage in other misconduct, and may not be registered under federal or state laws.
- VSR may not always be provided with detailed information for investments by Independent Managers or for private funds in which SPVs invest. This lack of access to information may make it more difficult for VSR to select, allocate assets among, and evaluate Independent Managers and private funds. VSR may not learn of significant structural events, such as personnel changes, major asset withdrawals or substantial capital growth, until after the fact.

SPV Risk Factors

- There is not and will not be an active market for SPV interests. It may be impossible to transfer any such interests, even in an emergency.
- If an SPV becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.
- An SPV may establish a reserve for contingencies if VSR considers it appropriate. Investors may not distribute assets covered by that reserve until it is lifted.
- No client or investor has been represented by separate counsel. The attorneys who represent VSR or its managing partner do not represent clients or investors. Clients and investors must hire their own counsel for legal advice and representation.
- An SPV may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- VSR, an administrator or any government agency may freeze assets that any of them believes a client holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of VSR, an SPV or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- An SPV may take action with respect to an investor's investment or withdrawal/redemption proceeds as it considers appropriate under relevant legislation and regulations, including but not limited to the Foreign Account Tax Compliance Act, and any associated legislation, regulations or guidance, or similar legislation, regulations or guidance enacted in any jurisdiction that seeks to implement similar tax reporting and/or withholding tax regimes. Failure by an investor to assist an SPV in meeting its obligations pursuant to such legislation and regulations may result in pecuniary loss to that investor.
- An audit adjustment to an SPV's U.S. tax return for any tax year could result in a tax liability (including interest and penalties) imposed on the SPV for the year during which the adjustment is determined.
- The SPVs do not intend to make distributions until there is a liquidity event, but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from an SPV without a cash distribution to pay the related taxes.
- The SPVs are intended to extend over a period of years, during which the business, economic, political, regulatory and technology environment within which they operate will change substantially and perhaps adversely.
- The private companies in which the SPVs invest may be operating at a loss or with substantial variations in operating results from period to period. Their securities can be volatile and trade at very high multiples to current earnings, reflecting future growth that may not occur. Any such private company may fail.
- After an SPV makes an initial investment in a private company, that company could require additional funding, or the SPV may have the opportunity to increase its investment in a successful company (if any are successful). The SPV may not make follow-up investments. If so, the company or the SPV's investment in that company could be adversely affected.
- The SPV's investments will likely be primarily minority positions. However, an SPV may have a controlling interest in a portfolio company, which carries risks of liability for environmental damage, product defects, pension and other employee benefits, failure to supervise management, violation of laws (including securities laws), litigation and other liabilities for which the limited liability generally afforded to investors may be ignored, resulting in significant losses. VSR affiliates may serve as portfolio company directors, and as a result have duties to persons other than the SPVs.
- If an SPV has a controlling stake in, a representative on a board, or is deemed an affiliate of a portfolio company, the SPV, VSR and their affiliates are subject to securities laws limiting the

liquidity of the SPV's interest, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Securities Act, and the disclosure requirements of Sections 13 and 16 of the Securities Exchange Act of 1934, and liability for short-swing profits under Section 16. An SPV is also likely to be subject to similar reporting requirements in non-U.S. jurisdictions where it holds significant positions in public companies.

- The SPVs' realization of value from an investment in a private company depends largely on successful completion of an initial public offering or the sale of the company, which may occur, if at all, years after the SPV's investment.
- The success of a portfolio company may depend on VSR's ability to assist in restructuring and improving its operations, which entails a high degree of uncertainty. VSR may not successfully identify and implement such restructuring and improvements.
- Portfolio companies may have high levels of debt. Leveraged investments are more sensitive to declines in revenues, increases in expenses and recessions, operating problems, and other business and economic risks have a more pronounced effect on such investments. Leveraging a portfolio company means that third parties, such as banks, are likely to be entitled to the cash flow generated by such investments before an SPV. Debt also may not be available at attractive rates. If a portfolio company cannot generate cash flow to meet its debt, an SPV is likely to lose its investment in such company.
- The SPVs may make short-term unsecured loans to portfolio companies in anticipation of future issuance of equity or long-term debt. Bridge loans typically convert into a long-term security, but for reasons not always in VSR's control, conversion may not happen and such bridge loans may remain outstanding. The interest rate on such loans is not likely to reflect the risk of the SPV's unsecured position.
- The SPVs invest in private securities for which competition is intense and the number of potential purchasers and sellers, if any, is very limited. This factor limits the SPV's ability to purchase these securities and the ability of an SPV or investors to sell securities distributed in kind at their fair value. This risk is increased if SPVs hold a large portion of an issuer's voting securities or have designated one or more directors.
- The SPVs may invest without having first established an exit strategy, based on VSR's expectation that a strategy will be available at the appropriate time. Such expectation may be wrong.
- Investors subscribing for SPV interests at subsequent closings will participate in existing investments at cost, diluting existing investors' interests. Subsequent investors will contribute their pro rata share of previous capital draws, which may not reflect the fair value of existing investments at the time of such additional subscriptions.
- An SPV may make investments that it cannot dispose of before the SPV is dissolved. It may have to sell, distribute or otherwise dispose of such investments at a disadvantage.
- The SPVs may enter into joint ventures or other co-investments. These co-venturers may have financial difficulties, interests that are inconsistent with those of the SPVs, take (or block) action contrary to the SPVs' interests or enter into compensation arrangements that reduce the returns to investors. The SPVs may be liable for actions of co-venturers.
- VSR may recall distributions previously made to investors to satisfy the SPVs' obligations and liabilities (including their indemnification obligations to VSR and related parties).
- The SPVs' interests could be held by institutional investors, such as public pension plans and listed funds, that are subject to public disclosure requirements. The amount of information about their investments that must be disclosed has increased in recent years, and that trend is likely to continue. Such disclosure could adversely affect the SPVs. To prevent such disclosure, VSR may withhold information that otherwise would be provided to public investors.
- VSR makes capital calls at its discretion based on its assessment of the SPVs' needs and opportunities. Capital calls are not conditional and do not depend on the performance or prospects of an SPV. To satisfy capital calls, investors may need to maintain a substantial portion of their commitment in assets that are readily converted to cash.

- An investor's failure to make a capital call will result in sale or forfeiture of the investor's SPV interest. The defaulting investor will also be liable for the expenses of such default. Some investors may be prohibited or excused from making capital contributions, including investors regulated by ERISA and some governmental or quasi-governmental investors. If an investor fails to pay any of its capital commitment, an SPV may be unable to pay its obligations when due and may be subject to significant penalties that could materially adversely affect investor returns (including those of non-defaulting investors). Non-defaulting investors may have to increase their contributions, further increasing their risk of loss.
- Some investors participate in an SPV through their own special purpose vehicles or other structures that limit the SPV's recourse against them for amounts not paid or contributed. VSR generally is not obligated to confirm the creditworthiness of any investor or exclude any investor based on creditworthiness.
- VSR may make SPV distributions in kind rather than in cash. These proceeds may not be readily marketable. If securities are distributed into a liquidating entity and sold by the SPV for the benefit of a withdrawing investor, the investor has no control over when and at what price the securities are sold, and is likely to receive significantly less than it would have if a distribution had been paid in cash.
- If there is an unsuccessful SPV investment (a "broken deal"), all expenses, including diligence, legal and related transactional expenses are allocated among the SPV's pro rata based on the amount of committed and/or allocated investment when the deal is broken. Investors bear those expenses.
- SPVs are not diversified. Each holds only one investment. If an SPV investment is not successful, the SPV and its investors will lose money.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that VSR must devote to regulatory compliance, to the detriment of investment activities.

The above is only a brief summary of some of the important risks that a client or an investor may encounter. Before deciding to invest in an SPV, you should carefully consider all of the risk factors and other information in the SPV's offering materials.

Item 9 Disciplinary Information

VSR has no reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

As described above, VSR may form or manage SPVs. Affiliates of VSR may serve as general partners of those SPVs.

VSR will, in many cases, select Independent Managers from those made available by brokers that act as custodians and brokers for VSR's client accounts, such as Schwab or Fidelity. In most cases, Independent Managers are obligated to execute all transactions for client accounts through those brokers. As discussed in Item 4 above, Independent Managers that VSR recommends to client accounts charge fees in addition to and separately from VSR's fees. VSR will continue to render investment supervisory services with respect to assets managed by Independent Managers through ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which VSR considers in recommending any such Independent Manager include the client account's designated investment objectives, and the Independent Manager's management style, performance, reputation, financial strength, reporting, pricing and research. When VSR selects an Independent Manager to manage a portion of a client account, a conflict of interest arises because the client account must pay additional fees that it would not otherwise have to pay if VSR managed the

account directly. VSR addresses this conflict by selecting Independent Managers that VSR believes are better suited than VSR to manage those portions of client accounts for which they were hired to manage.

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

VSR has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for VSR's supervised persons. The Code of Ethics includes general requirements that VSR's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to VSR's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of VSR receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of VSR's Code of Ethics by contacting Sanjeev Rao at 415-948-7185.

Under VSR's Code of Ethics, VSR and its partners, officers and employees may personally invest in securities of the same classes as VSR purchases for clients and may own securities of issuers whose securities that VSR subsequently purchases for clients. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a client account to profit personally by the market effect of such transactions and recommendations. To address this conflict, except as described in Item 12 regarding aggregating securities transactions, if VSR purchases or sells a security for clients and any of VSR and its partners, officers and employees on the same day, either the clients and VSR and its partners, officers and employees pay or receive the same price, or the clients receive the more favorable price. VSR and its partners, officers and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which VSR does not believe appropriate to buy or sell for clients.

With respect to client accounts over which VSR has discretionary authority, VSR has complete discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent. Because VSR manages more than one account, there are conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, VSR selects investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. VSR may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client, and may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. VSR seeks, to the extent practicable, to allocate investment opportunities to its clients fairly and equitably over time (subject to its Limited Offering Allocation Policy described below).

Many of the investment opportunities that may become available are limited offerings such as venture investments in private companies, investments in other private investment funds or other opportunities. VSR has established an allocation policy (the "Limited Offering Allocation Policy") that gives it considerable discretion in deciding whether to (a) offer such opportunity to existing clients

directly, (b) form an SPV to make such investment and make such SPV available to clients and other investors who are not clients and VSR and its personnel and affiliates, or (c) invest for its own benefit (without offering such opportunity to clients or the SPVs).

Such decisions are and can be based on subjective determinations and VSR often makes allocations based on a number of factors, including: (1) the range of expected returns on that investment to participating clients; (2) strategic factors, such as the impact of VSR's, a particular client's or an SPV investor's participation in the investment (by providing, for example, technical knowledge, industry connections, or the "halo effect" of a prominent investor); (3) the likelihood of VSR's clients being offered future limited investment opportunities; (4) the amount of time available to make the investment decision and execute the investment; (5) the confidentiality required with respect to the investment opportunity; and (6) VSR's interest in establishing or expanding a relationship with a client, referral source or "deal flow" provider. To the extent that VSR allocates capacity to third parties, that reduces the investment capacity that would otherwise be available for its clients.

VSR also allocates a certain percentage of many offerings to itself or to its personnel, to create alignment with its clients and to provide opportunities to its personnel to participate, alongside clients, in the outcomes of investment decisions that it makes and recommends to clients. This can be done directly (e.g., by an allocation to VSR or an affiliated entity) or indirectly (e.g., by VSR personnel investing in an SPV).

VSR has numerous conflicts of interests in administering the Limited Offering Allocation Policy. For example, VSR has an incentive to allocate opportunities to the SPVs whenever the economic management terms of those funds are more lucrative than the arrangements it has with its other clients. Also, clients who are important to VSR for financial or other reasons may receive larger, more frequent, or more attractive allocations of limited investment opportunities. Smaller or less profitable clients may not receive the volume of allocations that they would have received under a mechanical allocation methodology. Also, VSR can (and often does) make allocation decisions that take into account the effects on its reputation as a good investor and partner; while VSR believe that influencers holding VSR in high regard benefits all of its clients over time, any such assessment is inherently conflicted and subjective.

Item 12 Brokerage Practices

With respect to client accounts over which VSR has discretionary authority, VSR has complete discretion in selecting the broker or futures commission merchant that it uses for client transactions and the commission rates that clients pay such brokers and futures commission merchants. In selecting a broker or futures commission merchant for any transaction or series of transactions, VSR may consider a number of factors, including, for example:

- special execution capabilities;
- willingness to execute related or unrelated difficult transactions in the future; willingness to commit capital; knowledge of buyers and sellers;
- block trading and block positioning capabilities;
- efficiency of execution and error resolution;
- order of call;
- offering to VSR on-line access to computerized data regarding clients' accounts;
- computer trading systems;
- clearance, settlement and reputation;
- financial strength and stability;
- custody, recordkeeping and similar services;
- quotation services; and

- the availability of stocks to borrow for short trades.

VSR may also purchase from a broker or futures commission merchant or allow a broker or futures commission merchant to pay for the following (each a "soft dollar" relationship):

- research reports, services and conferences, including third-party research fees;
- economic and market information; portfolio strategy advice; industry and company comments;
- technical data; consultations;
- periodical subscription fees;
- performance measurement data;
- on-line pricing; and
- news wire and data processing charges.

VSR may receive soft dollar credits based on principal, as well as agency, securities transactions with brokers and futures commission merchants or direct a broker or futures commission merchant that executes transactions to share some of its commissions with a broker or futures commission merchant that provides soft dollar benefits to VSR.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If VSR uses commission dollars to pay for products or services that provide administrative or other non-research assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor.

VSR may pay to a broker or futures commission merchant commissions and mark-ups that exceed those that another broker or futures commission merchant might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker or futures commission merchant provides. VSR determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or VSR's overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from VSR's brokerage relationships benefit VSR's operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and accounts of clients that direct VSR to use a broker or futures commission merchant that does not provide VSR with soft dollar services. VSR does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

VSR's relationships with brokers and futures commission merchants that provide soft dollar services influence VSR's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research use. VSR has an incentive to select or recommend a broker or futures commission merchant based on VSR's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that VSR uses soft dollars to pay expenses it would otherwise be required to pay itself.

VSR addresses these conflicts of interest by annually evaluating the trade execution services that VSR receives from the brokers and futures commission merchants that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers and

futures commission merchants. VSR considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers or futures commission merchants, increasing or decreasing targets for each broker or futures commission merchant and the appropriate level of commission rates.

In many cases, VSR will recommend an Independent Manager from a menu of choices provided by a broker-dealer. Under some of these arrangements, a broker-dealer pays the Independent Manager's fees, executes the client's portfolio transactions without commission charge, provides custodial services for the client's assets, or some combination of these or other services, all for a single fee paid by the client to the broker-dealer (a so-called "wrap fee" arrangement). Depending on the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if the Independent Manager were free to negotiate commissions and seek best price and execution of transactions for the client's account.

VSR cannot assure that brokers that sponsor wrap fee arrangements (or other arrangements in which a broker-dealer provides a selection of Independent Managers) provide best execution. For example, an Independent Manager's trades generally are required to be directed solely to the broker-dealer with whom the client has entered into the arrangement, and thus the Independent Manager may not be free to seek best price and execution by placing transactions with other brokers or dealers. Additionally, to receive best execution an Independent Manager most often will execute large block trades on behalf of all of its clients, then allocate the trade among eligible accounts. When directed trades for a client's accounts are placed through a brokerage firm other than that which is executing the block trade, those trades may trail the complete block trading program. The prices of those securities may have already been impacted by the prior block trade, so that the cost or sales price of securities in the directed account will not necessarily be the same as those executed as part of the block. Therefore, performance of the client's account may differ from that of the Independent Manager's other accounts.

VSR may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that VSR manages or with accounts of its affiliates. In such event, VSR may charge or credit a client the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if VSR were not executing similar transactions concurrently for other accounts. VSR may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

VSR may direct a certain amount of brokerage to a broker or futures commission merchant in return for the broker's or futures commission merchant's referral of prospective clients or investors. Directing brokerage in exchange for client or investor referrals creates a conflict of interest in that VSR has an incentive to refer its clients' brokerage business to brokers and futures commission merchants to which it might not otherwise direct transactions. During its last fiscal year, VSR did not direct client transactions to a particular broker or futures commission merchant in return for client referrals.

If a client directs VSR to use a specific broker, VSR has not negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by such broker. VSR is not responsible for obtaining from any such broker the best prices or particular commission rates. A client that directs VSR to use a specific broker may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. The client may pay higher commissions and mark-ups than it would pay if VSR had discretion to select broker-dealers other than those that the client chooses.

Item 13 Review of Accounts

VSR's Managing Partner, Sanjeev Rao, reviews all accounts continuously. Those reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels. VSR provides clients with quarterly performance updates and an annual letter discussing annual performance and investment outlook.

Mr. Rao monitors the SPVs' investments continuously and takes into account the portfolio company's or investment fund's outlook, prospects and other factors in determining whether to recommend any particular action with respect to those investments. VSR provides investors in the SPV with an annual update regarding the performance of the underlying investment as well as any non-confidential reports provided by company or fund.

Item 14 Client Referrals and Other Compensation

VSR or its affiliates (including Mr. Rao) may receive economic benefits from Independent Managers to which VSR refers its clients. Those Independent Managers may pay VSR or its affiliates a portion of the fees they would otherwise receive.

VSR may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and VSR complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

Item 15 Custody

The custodian of each individually managed account sends account statements at least quarterly to the client. Each client should carefully review those statements and compare them with the statements that such client receives directly from VSR, if any.

Item 16 Investment Discretion

VSR has discretionary authority to manage investment accounts on behalf of clients pursuant to a grant of authority in each SPV's limited partnership agreement or a limited power of attorney in each client's account agreement. Except for SPVs, such discretion is limited by the requirement that clients advise VSR of:

- the investment objectives of the account;
- any changes or modifications to those objectives; and
- any specific investment restrictions relating to the account.

A client must promptly notify VSR in writing if the client considers any investments recommended or made for the account to violate such objectives or restrictions. A client may at any time direct VSR to sell any securities or take such other lawful actions as the client may specify to cause the account to comply with the client's investment objectives. In addition, a client may notify VSR at any time not to invest any funds in the client's account in specific securities or specific categories of securities.

VSR also may provide some clients with non-discretionary investment consulting services.

Item 17 Voting Client Securities

VSR votes all proxies on behalf of each account over which VSR has proxy voting authority based on VSR's determination of such account's best interests. In determining whether a proposal serves an account's best interests, VSR considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

VSR abstains from voting proxies when VSR believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between VSR and a client, VSR will vote all proxies in accordance with the policy described above. If VSR determines that this policy does not adequately address the conflict of interest, VSR will notify the client of the conflict and request that the client consent to VSR's intended response to the proxy solicitation. If the client consents to VSR's intended response or fails to respond to the notice within a reasonable time specified in the notice, VSR will vote the proxy as described in the notice. If the client objects in writing to VSR's intended response, VSR will vote the proxy as the client directs.

A client can obtain a copy of VSR's proxy voting policy and a record of votes cast by VSR on behalf of that client by contacting VSR.

Item 18 Financial Information

This Item is not applicable, because VSR is not required to report financial information.

Item 19 Requirements for State-Registered Advisers

We are a federally registered Investment Adviser; therefore, this section is not applicable.

Item 20 Additional Information

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We will assist you, in conjunction with your legal counsel or other professionals, in filing claims with the claims administrator to participate in any settlement proceeds related to class action settlements involving a security held in your portfolio. We may also work with your legal counsel to determine whether you are eligible to participate in class action litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held in your portfolio.

Privacy Policy

VSR and any SPVs that may be formed in the future:

- collect non-public personal information about their clients and investors from the following sources:
 - information received from clients or investors on applications or other forms, and
 - information about clients' or investors' transactions with VSR, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.