

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



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This brochure provides information about the qualifications and business practices of Fairway Capital Management, LLC ("Fairway"). If you have any questions about the contents of this brochure, please contact us at (872) 250-1260 or [info@fairwaycapm.com](mailto:info@fairwaycapm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Fairway is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

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

## Item 2 – Material Changes

Since the filing of Fairway’s initial brochure (the “Brochure”) on March 25, 2022, the Firm has launched a new fund, Fairway Venture Capital Fund II, L.P.

Fairway routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry best practices and Firm practices. In this year’s filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2022 and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest.

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## **Item 4 – Advisory Business**

### **Advisory Business**

Founded in 2019, Fairway is an investment manager based in Chicago which focuses on making (i) primary and secondary investments in private equity, venture capital and other private asset funds managed by third-party managers and (ii) direct and indirect co-investments in private operating companies that are typically made alongside one or more portfolio funds. Fairway's current clients include three funds: (i) two private funds, Fairway Venture Capital Fund, L.P. and Fairway Venture Capital Fund II, L.P. (the "Venture Funds") and (ii) a registered fund, Fairway Private Equity & Venture Capital Opportunities Fund (the "Registered Fund" and together with the Venture Funds, the "Funds"). The Registered Fund offers two classes of investments, Class A and Class I. Fairway also manages a proprietary capital vehicle with no outside investors which is not considered a fund for purposes of this Brochure (but in accordance with the instructions for the Form ADV Part 1, is included as part of Fairway's regulatory assets under management).

### **Advisory Services**

Fairway's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, monitoring investments and achieving dispositions of such investments.

Fairway's investment advice and authority for each Fund is tailored to the investment objectives of that Fund; Fairway does not tailor its advisory services to the individual needs of investors in its Funds. The Fund investment objectives are described, as applicable, in the private placement memorandum, limited partnership agreement, subscription agreements, prospectus, investment management agreements, side letter agreements and other governing documents of the relevant Fund (collectively, "Governing Documents") and investors determine the suitability of an investment in a Fund based on, among other things, the Governing Documents. The Firm does not seek or require investor approval regarding each investment decision.

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities. Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Governing Documents.

In accordance with common industry practice, the Venture Funds are permitted to enter into side letters or similar agreements with certain investors including those who make substantial commitments of capital or were early-stage investors in the Funds, or for other reasons in the sole discretion of Fairway, in each case that have the effect of establishing rights under, or altering or supplementing, a Fund's Governing Documents. Fairway to date has not entered into any side letter agreements.

Fairway does not participate in wrap fee programs.

### **Principal Owners**

Fairway is owned by its founding partners, Kevin Callahan, Tom Gladden, Kathy Wanner, Laura Milligan and Lauren Bozzelli.

### **Assets Under Management**

As of December 31, 2022, Fairway managed approximately \$62,126,684 million in regulatory assets, all managed on a discretionary basis. Fairway does not manage any investments on a non-discretionary basis. Regulatory assets under management for the Venture Funds are reported as of September 30, 2022 because as a fund of funds the Venture Funds do not have access to the underlying funds' financial statements until the completion of the underlying funds' audits. Fairway will update regulatory assets under management in an other-than-annual amendment upon completion of the Venture Funds' audit.

### **Item 5 – Fees and Compensation**

Fairway and its affiliates receive fees and compensation in exchange for managing the Funds. The following is a general description of fees, compensation and expenses of the Funds. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Fairway is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

#### **Management Fees**

Venture Funds: Fairway is entitled to a management fee of the Venture Funds of 0.25% per annum of each limited partner's total capital commitments, payable quarterly in advance.

If applicable, the management fee calculated with respect to a non-affiliated limited partner will be reduced by an amount equal to such limited partner's allocable portion of all directors' fees, managers' fees, consulting fees, commitment fees, break-up fees and portfolio investment advisory board or investment committee member fees, relating directly to the Fund's investments or commitments (in each case whether paid in cash or in securities, but net of unreimbursed expenses associated with the generation of such fees) received by (a) Fairway as investment manager, (b) the general partner, (c) the principals, (d) any affiliates of Fairway, the general partner or the principals, and/or (e) the investment team members. If the reduction amount in respect of a limited partner exceeds the amount of such limited partner's management fee obligation for any quarter, the excess amount will be carried forward and applied against such limited partner's management fee for succeeding quarters.

Fairway reserves the right to partially or completely waive the management fee, in whole or in part, with respect to any investor in the Venture Funds or to charge different fees than those described above as may be agreed with such limited partner, and Fairway is entitled to enter into side letters or

amend the limited partnership agreement to reflect any such fee arrangements without notice to, or the consent of, other limited partners. In addition, certain limited partners who are affiliated with Fairway are not expected to bear any portion of the management fee.

**Registered Fund:** Fairway is entitled to a management fee for the Registered Fund equal to an annual rate of 0.75% of the Fund's average net assets, which is accrued and payable at the end of each calendar quarter (or at such other interval, not less frequently than quarterly, as the Registered Fund's board of trustees may from time to time determine and specify in writing to Fairway). The management fee is paid to Fairway before giving effect to any repurchase of shares in the Fund effective as of that date and will decrease the net profits or increase the net losses of the Fund that are credited to its shareholders. A portion of the management fee is permitted to be paid to brokers or dealers that assist in the distribution of shares.

Fairway has entered into an expense limitation agreement (the "Expense Limitation Agreement") with the Registered Fund, whereby the Firm has agreed to reduce the management fee payable to it (but not below zero), and to pay any operating expenses of the Fund, to the extent necessary to limit the operating expenses of the Fund, excluding certain "Excluded Expenses" listed below, to the annual rate (as a percentage of the net assets of the applicable class of shares of the Fund, as calculated at the end of each calendar quarter) of 2.70% and 2.00% with respect to Class A Shares and Class I Shares, respectively (the "Expense Cap"). Excluded Expenses that are not covered by the Expense Cap include: brokerage commissions and other similar transactional expenses, interest (including interest incurred on borrowed funds and interest incurred in connection with bank and custody overdrafts), other borrowing costs and fees including interest and commitment fees, taxes, acquired fund fees and expenses, incentive fees to be paid to Fairway, litigation and indemnification expenses, judgments and extraordinary expenses.

Fairway may be entitled to receive topping, break-up, monitoring, directors' organizational, set-up, advisory, investment banking, syndication and other similar fees in connection with the purchase, monitoring or disposition of the Registered Fund investments or from unconsummated transactions. Any such fees earned in respect of the Registered Fund investments shall be for the benefit of the Registered Fund.

## **Performance Fees**

**Venture Funds:** The Venture Funds will pay to the relevant Fund general partner a carried interest allocation equal to 10% net of fees and expenses, calculated as portfolio investments are realized.

**Registered Fund:** The Registered Fund will pay Fairway an incentive fee in respect of each calendar quarter of the Fund equal to 10% of the excess, if any, of the net profits of the Fund for the applicable quarter subject to a high water mark.

## Other Fees

Investors indirectly bear a portion of the asset-based fees, performance fees or incentive fees or allocations and other expenses incurred by such Fund as an investor in the underlying funds. Generally, asset-based fees payable in connection with portfolio fund investments range from 1.00% to 2.50% (annualized) of the commitment amount of the Fund's investment, and performance or incentive fees or allocations are typically 10% to 25% of a portfolio fund's net profits annually, although it is possible that such amounts may be exceeded for certain underlying fund portfolio managers.

The Registered Fund shareholders are also responsible for various other fees, including administration fees, compliance services fees, distribution and service fees (which shareholders in Class I do not pay) and purchasing offering charges (which shareholders in Class I do not pay). Investors should refer to the Governing Documents of the Registered Fund for more specific information on these other fees.

## Fund Expenses

The following is a description of expenses permitted to be charged to each Fund. Fairway, in its discretion, has elected not to charge certain of these expenses to investors in the Funds.

Venture Funds: The Venture Funds are authorized to pay for all ordinary and extraordinary expenses and liabilities incurred by it or on its behalf, including the following amounts incurred with respect to the Fund: (i) all legal (including with respect to any claim, litigation, arbitration, mediation, government investigation or dispute in connection with the business of the Funds, if any, and the amount of any judgment or settlement paid in connection therewith or the enforcement of the Funds' rights against any person or entity), accounting, book keeping, auditing, valuation (including, without limitation, fees and expenses of any third parties that may be engaged to provide valuation services to the Funds), administrative (including fees and expenses associated with the Funds' third-party administrator), tracking or reporting software, custodian, risk management (including expenses incurred in connection with the purchase of risk management analytic systems), research, reporting and tax preparation fees and expenses (including expenses related to reporting and filings done by external tax professionals or for outside consultants engaged to assist with regard to such functions); (ii) all out-of-pocket fees and expenses, including professional fees (such as, without limitation, fees and expenses of consultants and experts), that Fairway determines to be related to the management or operation of a Fund, including the origination, sourcing, diligence, negotiating, acquisition or potential acquisition, holding, tracking, monitoring, servicing, management and disposition of investments and abandoned transactions (including fees and commissions associated with sourced portfolio investments), appraisal costs, loan servicing fees as well as expenses relating to reorganizations, restructurings and workouts involving the portfolio investments; (iii) all fees and expenses in respect of any reporting or filing obligations to any government or regulatory body with competent authority and any legal and accounting expenses attributable to a Fund as well as any fees or expenses involved in registering and maintaining the registration of a Fund with any regulatory body or authority (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism

considerations), and any third-party service provider fees, costs and expenses related thereto; (iv) obligations in connection with (including relating to the settlement of) any hedging instrument; (v) travel expenses (including in connection with the matters described in clause (ii) above and marketing-related activities); (vi) withholding, transfer or other taxes (including pursuant to the U.S. Foreign Account Tax Compliance Act or any “imputed underpayment” imposed under the Bipartisan Budget Act of 2015 (or any successor rules thereto), and applicable Treasury Regulations), together with any interest or penalties, imposed on a Fund or any of its partners, except to the extent properly allocable to one or more partners (including related interest and penalties) and governmental fees; (vii) mailing and similar expenses; (viii) reporting, printing and publishing expenses, including the costs of offering, preparing, translating, printing, publishing and distributing the private placement memorandum, any key information document or similar document required by law; (ix) costs and expenses for indemnification or contribution payable by a Fund to any person or entity (including, without limitation, pursuant to the Governing Documents; (x) insurance expenses (including insurance purchased on behalf of the general partner and any other indemnified person, including cybersecurity insurance); (xi) expenses relating to borrowings, including interest and fees on borrowed monies, and any other costs and expenses relating to debt obligations of, or other extensions of credit obtained by a Fund; (xii) costs and expenses relating to the transfer of interests (to the extent not paid by the transferor or transferee) and required withdrawals; (xiii) costs and expenses incurred as a result of any reorganization, or the dissolution, winding up, or termination of a Fund; (xiv) the costs and expenses relating to any amendment of the limited partnership agreement or a Fund’s other organizational documents or the subscription agreements or any modification or supplement to the private placement memorandum, and any distribution of such documentation to investors; (xv) brokerage fees and expenses (including any other brokers’ fees and commissions); (xvi) expenses related to investments that are not consummated (including (a) investments that are offered to co-investors which are not consummated and (b) investments pursued by Fairway prior to the initial closing); expenses relating to short sales (to the extent permitted by the Governing Documents), clearing and settlement charges, custodial fees and bank service fees; (xvii) quotation expenses; (xviii) in the discretion of the general partner, fees and expenses incurred in connection with the activities of an advisory committee and its members (in their capacity as such), including, for example, travel and other expenses associated with meetings and investments, as well as fees and expenses in connection with meetings of investors (including expenses of investors); (xix) fees and expenses of entities appointed for processing, calculating and reporting risk measures; (xx) all expenses incurred in connection with the formation and operation of special purpose investment vehicles, including any expenses similar to those that, if incurred by a Fund, would be Fund expenses; (xxi) the management fee; (xxii) fees and expenses of any other service providers or agents of the Funds; (xxiii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting and ledger systems) or other administrative or reporting tools (including subscription-based services); (xxiv) costs associated with regulatory compliance; (xxv) defaults by partners in the payment of any capital contributions; (xxvi) any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and



unconsummated investment opportunities; and (xxvii) any other related expenses not specifically to be borne by Fairway.

Registered Fund: The Registered Fund is authorized to bear all expenses and costs incurred in the conduct of the Fund's business, including, without limitation, the following: (i) all of the legal and other out-of-pocket expenses incurred in connection with the organization of the Fund and the offering of its shares; (ii) ordinary administrative and operating expenses, including the management fee and the incentive fee, and all expenses associated with the pricing of Fund assets; (iii) risk management expenses; (iv) ordinary and recurring investment expenses, including all fees and expenses directly related to portfolio transactions and positions for the Fund's account (including brokerage, clearing and settlement costs), custodial costs and interest charges; (v) professional fees (including, without limitation, expenses of consultants, experts and specialists); (vi) fees and expenses in connection with repurchase offers and any repurchases or redemptions of Fund shares; (vii) office space, office supplies, facilities and equipment for the Fund; (viii) executive and other personnel for managing the affairs of the Fund, other than those provided in connection with the Fund's investment program; (ix) any of the costs of printing and mailing the items referred to in sub-section (xxii) of this paragraph; (x) any of the costs of preparing, printing and distributing sales literature; (xi) compensation of trustees of the Fund who are not directors, officers or employees of Fairway or of any affiliated person (other than a registered investment company) of Fairway; (xii) registration, filing and other fees in connection with requirements of regulatory authorities; (xiii) the charges and expenses of any entity appointed by the Fund for custodial, paying agent, shareholder servicing and plan agent services; (xiv) charges and expenses of independent accountants retained by the Fund; (xv) charges and expenses of any transfer agents and registrars appointed by the Fund; (xvi) brokers' commissions and issue and transfer taxes chargeable to the Fund in connection with securities transactions to which the Fund is a party; (xvii) taxes and fees payable by the Fund to federal, state or other governmental agencies; (xviii) any cost of certificates representing shares of the Fund; (xix) legal fees and expenses in connection with the affairs of the Fund, including registering and qualifying its shares with federal and state regulatory authorities; (xx) expenses of meetings of shareholders and trustees of the Fund; (xxi) interest, including interest on borrowings by the Fund; (xxii) the costs of services, including services of counsel, required in connection with the preparation of the Fund's registration statements and prospectuses, including amendments and revisions thereto, annual, semiannual and other periodic reports of the Fund, and notices and proxy solicitation materials furnished to shareholders of the Fund or regulatory authorities; (xxiii) the Fund's expenses of bookkeeping, accounting, auditing and financial reporting, including related clerical expenses; (xxiv) all filing costs, fees and any other expenses which are directly related to the investment of the Fund's assets; and (xxv) any extraordinary expenses, including any litigation expenses. The Registered Fund's expenses will be capped according to the Expense Limitation Agreement.

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

### **Performance-Based Fees**

The Funds' fee arrangement includes a performance fee payable to Fairway or an affiliate (in the case of the Venture Funds, to each Fund general partner) based on net profits after the portfolio has achieved certain return hurdles as described in more detail in each Fund's Governing Documents. Referred to as a "carried interest" or "incentive fee", the Funds pay to Fairway or its affiliate an amount generally equal to 10% of profits, subject to reimbursement of relevant fees and expenses. For the Registered Fund, the incentive fee is subject to a high water mark.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Fairway or an affiliate is permitted, in its sole discretion, to waive or reduce the amount of performance fee for investors in the Venture Funds. Specifically, if principals and employees and their respective family members are investors in the Venture Funds, they will generally pay reduced carried interest or none at all.

### **Side-by-Side Management**

Fairway manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to Fairway's allocation of investment opportunities, including with regard to the allocation of time and attention of advisory personnel and consideration for certain transactions, such as allocating investments to Funds which charge more management fee or performance-based fees. In addition, the Venture Funds and the Registered Fund are permitted, in certain circumstances, to invest alongside each other in the same investment opportunity when such transaction is deemed appropriate for both the Venture Funds and the Registered Fund. To help minimize such conflicts of interest, Fairway allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with Fairway's policies and procedures regarding investment allocation and the applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which include, but are not limited to: the industry/sector of the issuer, minimum EBITDA of the issuer, asset class of the investment opportunity, required commitment size, the stage of investment (*i.e.*, seed, early stage, growth, buyout); the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; risk considerations; and any other factors deemed relevant by Fairway. Fairway's procedures are designed to ensure that all investment decisions are made in accordance with Fairway's fiduciary duties to its Funds and without consideration of Fairway's (or its affiliates' or employees') pecuniary interest. Fairway will not allocate investment opportunities based in whole or in part on the relative fee structure or amount of fees paid by any Fund or the profitability of any Fund. Investment allocation decisions are determined by the relevant investment committee and in the case of the Registered Fund, the board of trustees.

## **Item 7 – Types of Clients**

Fairway provides investment advice to its Funds. The Venture Funds are exempt from registration under Sections 3(c)(1) and 3(c)(7) of the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (“Investment Company Act”), and the Registered Fund is a closed-ended investment company registered under the Investment Company Act and the Securities Act of 1933. Both Funds limit their respective investors to “accredited investors” as defined in the Securities Act of 1933 and “qualified clients” as defined in the Advisers Act. The Venture Funds require capital commitments from each investor of at least \$1 million and the Registered Fund requires capital commitments from each investor of at least \$50,000 for Class A Shares and \$250,000 for Class I Shares, although each Venture Fund’s general partner or the Registered Fund’s board of trustees has the ability, in its sole discretion, to accept lesser amounts.

The investors participating in the Funds include, or are expected to include, high net worth individuals, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, corporations, limited partnerships, limited liability companies, fund of funds and other business entities or other service providers retained by Fairway, and include, directly or indirectly, principals and other employees of Fairway and its affiliates and members of their families.

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

### **Strategy**

The Funds pursue private equity and venture capital investments, including: (i) primary and secondary investments in private equity, venture capital and other private asset funds managed by third-party managers (“Underlying Funds” and such third-party managers, “Portfolio Fund Managers”) and (ii) direct and indirect investments presented to the Funds by Portfolio Fund Managers in private operating companies made alongside one or more Underlying Funds (“Direct Investments”). The Funds also are permitted to invest in a property, company, security or other entity or asset (other than an Underlying Fund) that will be, in whole or in part, directly or indirectly acquired by a Fund (including through the ownership of an interest in an Underlying Fund) in connection with a portfolio investment (a “Portfolio Asset”). Investments by the Funds can take the form of equity, debt, convertible equity, other securities or other investment structures (including economic interests acquired through securitizations and derivatives). The Funds’ investment strategy is global, with a focus on North America. Notwithstanding such focus, Underlying Funds may be established in various jurisdictions around the world. The Funds seek to target Underlying Funds and Direct Investments managed by proven investment management teams with deep domain expertise in attractive markets.

Within this strategy, the Venture Funds’ investments will focus predominantly on seed and early stage assets with a lesser focus on growth equity. The Registered Fund has a target investment allocation of 40% venture capital, 40% buyout and 15% special situations.

Fairway's experienced investment team has a long history of investing with who they believe are some of the best private equity and venture capital investment managers in the industry. Fairway believes these relationships will be instrumental in granting the Funds access to many top-tier Underlying Fund and Direct Investment opportunities.

## **Risks**

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below will likely arise in the future and, therefore, the following list is not intended to be exhaustive. While the following discusses risks as they relate to the Funds, Direct Investments will also be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy. The term "investor" is used below to refer to both limited partners and shareholders in the Fairway Funds.

Risks and potential conflicts of interest include, but are not limited to, the following:

*Reliance on the Adviser.* Fairway has full discretionary authority to identify, structure, allocate, execute, administer, monitor and liquidate Fund investments and, in doing so, has no responsibility to consult with any investor. Accordingly, an investor in a Fund must rely upon the abilities of Fairway, and no person should invest in a Fund unless such person is willing to entrust all aspects of the investment decisions of the Fund to Fairway.

*Difficulty in Valuing Interests in Venture Capital, Private Equity Funds and Privately-Held Portfolio Assets.* Fairway expects to rely upon any valuations provided to it by the Portfolio Fund Managers, but is not obligated to do so. Fairway generally will have limited information in order to be able to confirm or review the accuracy of valuations provided by Portfolio Fund Managers. It is expected that most securities of Portfolio Assets will not have a readily ascertainable market price, in which case the Portfolio Fund Managers generally have significant discretion in setting the valuation of such securities. Further, it is possible a Portfolio Fund Manager will face a conflict of interest in valuing securities or assets that lack a readily ascertainable market value as the value of the assets held by an Underlying Fund can affect the timing of the payment of the carried interest.

In the event that a particular portfolio investment is not valued by a Portfolio Fund Manager, Fairway does not receive a valuation from a Portfolio Fund Manager on a timely basis, or Fairway determines, in its sole discretion, that a valuation provided from a Portfolio Fund Manager is materially inaccurate or incomplete, Fairway may (but is not obligated to) determine the fair value of the Fund's portfolio investments based on the best reasonably available information, which may be the information most recently provided by a Portfolio Fund Manager to Fairway, and taking any factors deemed relevant by

Fairway at the time of such valuation. It is possible such determinations are not always accurate, including because the information available to Fairway was insufficient, inaccurate or out of date as well as because there generally will be no established market for these assets or for securities of privately-held assets and/or companies which a Fund directly, or indirectly through Underlying Funds, owns. For the foregoing reasons, investors should be aware that it is possible the valuations reported by the Funds do not reflect amounts that will ultimately be earned by the Fund or the amount of distributions to which an investor is entitled.

*Risk Management; Operational Controls.* The operational controls and risk management techniques used by the Funds involve third parties over whom Fairway does not exercise control, including outsourced providers of fund administration, legal, information technology, distribution services and custody services. The proper operation of a Fund and safekeeping of its assets depend on the performance and financial wherewithal of these third parties, as well as the continued operation and security of their systems. The operational controls and risk management techniques Fairway uses also necessarily include subjective elements, making the judgment and discretion of the Firm's professionals fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for the Firm to control for risk, which in turn increases the likelihood of unpredictable results with respect to a portfolio company and a Fund's overall performance.

Additional operational risks arise from such factors as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology (including those highlighted below under "Cyber Security Risk"), changes in personnel, errors caused by third parties or other disruptive events. While Fairway has adopted a business continuity program designed to minimize the disruption these events could otherwise cause to normal business operations, business continuity programs are inherently limited. For example, the Firm could experience unanticipated contingencies or the planned controls and oversight may not function as intended. In addition, certain circumstances, including natural disasters, war, terrorism, public health crises, power or utility shortages and other system failures and malfunctions could prevent the Firm and its service providers from performing certain tasks, potentially for extended periods of time, including funding an investment, finalizing valuations, making a distribution or reporting to investors. Any such failure could cause losses to a Fund.

*Cyber Security Risk.* The Funds and their service providers may be prone to operational and information security risks resulting from breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a Fund to lose proprietary information, suffer data corruption, or lose operational capacity. Breaches in cyber security include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber-attacks. The use of internet or cloud-based programs, technologies and data storage applications generally heighten these risks, and the risks of attack are expected to be heightened in remote work environments. In addition, Fairway's systems could be vulnerable to supply-chain attacks, wherein attackers target third parties providing software or services in order to introduce vulnerabilities in Fairway's network or systems.

Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information in order to gain access to Fairway's data or that of Fund investors. Cyber security breaches affecting the Funds, Fairway, financial intermediaries and other third-party service providers have the potential to adversely impact the Funds. The Funds may also incur additional costs for cyber security risk management purposes. Similar types of cyber security risks are also present for the issuers of securities in which the Funds invest, which could result in material adverse consequences for such issuers and cause a Fund to lose value.

*Market Disruption and Geopolitical Risk.* Due to the increasing interdependence among global economies and markets, conditions in one country, market, or region might adversely impact markets, issuers and/or foreign exchange rates in other countries, including the U.S. Wars, terrorism, global health crises and pandemics, and other geopolitical events have led, and in the future may lead, to increased market volatility and may have adverse short- or long-term effects on U.S. and world economies and markets generally. For example, the COVID-19 pandemic has resulted, and may continue to result, in significant market volatility, exchange trading suspensions and closures, declines in global financial markets, higher default rates, and a substantial economic downturn in economies throughout the world. Natural and environmental disasters and systemic market dislocations are also highly disruptive to economies and markets. In addition, actions by Russia in Ukraine have adversely affected global energy and financial markets and therefore could affect the value of a Fund's investments, including beyond a Fund's direct exposure to Russian issuers or nearby geographic regions. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict and could be substantial. Those events as well as other changes in non-U.S. and domestic economic, social, and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the investments of a Fund. Any of these occurrences could disrupt the operations of the Funds and the Funds' service providers.

*Financial Institution Risk; Distress Events.* An investment in the Venture Funds is subject to the risk that one of a Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of a Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Fairway, the Funds, the Portfolio Managers and the portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose

increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Fairway to manage the Venture Funds and their investments, and on the ability of Fairway, a Venture Fund, a Fund Portfolio Manager and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Venture Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Venture Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of Fairway and/or the portfolio companies to make payroll, fulfill obligations and maintain operations. Although Fairway expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. In addition, in the event Fairway determines to change Financial Institutions, there is a risk that the transfer of cash or other assets, especially if done in an expedited manner, will result in a technical violation of Advisers Act Rule 206(4)-2 (the “Custody Rule”), even if performed in the Firm’s best judgment of its efforts to fulfill its obligations and maintain operations, including its ability to close transactions, make payroll or otherwise.

Many Financial Institutions require, as a condition to using their services or otherwise, that Fairway and/or the relevant Venture Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s) and/or require capital calls to be funded into accounts at such Financial Institution (each, a “Custodian”), which heightens the risks associated with a Distress Event with respect to such Custodians. Although Fairway seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Fairway is under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

*Multiple Levels of Fees and Expenses.* By investing with Portfolio Fund Managers indirectly through the Funds, investors will bear any asset-based fees and performance-based fees or allocations at the Fund level, in addition to any asset-based fees and performance-based fees or allocations at the Portfolio Fund Manager level. Moreover, an investor in the Funds will bear a proportionate share of the fees and expenses of the Funds and, indirectly, similar expenses of the Portfolio Fund Managers. Thus, an investor in the Funds will be subject to higher operating expenses than if the investor invested with the Portfolio Fund Managers directly or in a fund which did not utilize a “fund of funds” structure.

The Funds will be subject to a performance-based fee or allocation from each Portfolio Fund Manager to which assets are allocated, irrespective of the performance of other Portfolio Fund Managers and

the Funds generally. Accordingly, a Portfolio Fund Manager with positive performance is entitled to receive performance-based compensation from the fund, and thus indirectly from the investors, even if a Fund's overall performance is negative. The Funds are permitted, in Fairway's sole discretion, to allocate assets to Portfolio Fund Managers that receive fixed fees, asset-based fees, performance-based fees and/or allocations or other compensation at rates that materially exceed the percentages used to calculate the management fee and performance fee or that structure their compensation in materially different ways.

Investors that invest in the Registered Fund through financial advisers or intermediaries can also be subject to account fees or charges levied by such parties. Prospective investors should consult with their respective financial advisers or intermediaries for information regarding any fees or charges that may be associated with the services provided by such parties.

*Limitations on Ability to Invest in Underlying Funds.* Some Portfolio Fund Managers' investment approaches can accommodate only a certain amount of capital. Portfolio Fund Managers typically endeavor not to undertake to manage more capital than such Portfolio Fund Manager's approach can accommodate without risking a potential deterioration in returns. Accordingly, each Portfolio Fund Manager has the right to refuse to manage some or all of a Fund's assets that Fairway may wish to allocate to such Portfolio Fund Manager. Further, continued sales of shares would dilute the indirect participation of existing shareholders with such Portfolio Fund Manager.

In addition, it is expected that the Funds will be able to make investments in particular Underlying Funds only at certain times, and commitments to Underlying Funds may not be accepted (in part or in their entirety). As a result, a Fund may hold cash or invest any portion of its assets that is not invested in Underlying Funds in cash equivalents, short-term securities or money market securities pending investment in Underlying Funds. To the extent that a Fund's assets are not invested in Underlying Funds, the Fund may be unable to meet its investment objective.

*General Risks of Secondary Investments.* The overall performance of a Fund's secondary investments will depend in large part on the acquisition price paid, which has the potential to be negotiated based on incomplete or imperfect information. Certain secondary investments are permitted to be purchased as a portfolio, and in such cases a Fund may not be able to exclude from such purchases those investments that Fairway considers (for commercial, tax, legal or other reasons) less attractive. Where a Fund acquires an Underlying Fund interest as a secondary investment, the Fund will generally not have the ability to modify or amend such Underlying Fund's constituent documents (*e.g.*, limited partnership agreements) or otherwise negotiate the economic terms of the interests being acquired. In addition, the costs and resources required to investigate the commercial, tax and legal issues relating to secondary investments can be greater than those relating to primary investments.

*Limited Ability to Negotiate Terms.* When a Fund acquires secondary interests in Underlying Funds (rather than "primary" investments in the Underlying Funds themselves) it is expected that the Fund will not have the opportunity to negotiate the terms of the interests in the Underlying Funds or other



special rights or privileges. In some cases, a Fund may have the opportunity to acquire a portfolio of interests in Underlying Funds from a seller on an “all or nothing” basis and, in some cases, certain components of portfolio investments can be less attractive than others, or the Fund may be less familiar with certain Portfolio Fund Managers than others. In addition, a Fund is permitted to invest with other investors through the use of joint ventures and similar arrangements. These arrangements have the potential to involve a Fund taking on greater risk with an expected greater rate of return or reducing its risk with a corresponding reduction in the rate of return. Furthermore, a Fund’s ability to negotiate side letters or similar agreement in connection with secondary investments will likely be limited.

*Investors Will Not Have any Direct Interest in an Underlying Fund or a Portfolio Asset.* An investment in the Funds is not the equivalent of an investment in the Underlying Funds or Portfolio Assets. Investors will not be limited partners of, or equity holders in, the Underlying Funds, and will have no voting rights in the Underlying Funds or rights to participate in the control, management or operations of any of the Underlying Funds or Portfolio Assets. Investors will not have any standing or recourse against Underlying Funds or Portfolio Assets and must rely on Fairway for asserting any rights or claims against or on behalf of a Fund against any Underlying Fund or its Portfolio Fund Manager.

*Inability to Meet Investment Objective or Investment Strategy; Competitive Investment Environment.* The success of the Funds depends on Fairway’s ability to identify and negotiate attractive investment opportunities, as well as to acquire, manage and realize those investments. Given the high demand among investors for certain investment opportunities (including demand from funds competitive with the Funds), identifying, completing and realizing investments on favorable terms is highly competitive and involves a high degree of uncertainty. Identifying portfolio investments and the right Portfolio Fund Managers can therefore be difficult. There can be no assurance as to the number of investment opportunities that will be presented to the Funds, and there can be no assurance that the opportunities presented will be equally tax efficient for each of the Funds.

Even if such investment opportunities and managers are identified, there can be no assurance that the Funds will acquire interests in such investments, and the Funds may incur significant expenses in pursuing investments that ultimately are not acquired. For example, the Funds will likely face competition for prospective portfolio investments, both from other private investment funds as well as from private and public companies, sovereign investors, family offices and others. In addition, Fairway may not be able to obtain as favorable portfolio investment terms (including as to fees and expenses that a Fund would bear) as it otherwise would in a less competitive investment environment. In addition, even upon a successful bid, legal or contractual transfer restrictions (including restrictions related to publicly traded partnership and other tax-related transfer restrictions), including rights-of-first-refusal, change-of-control and other similar provisions applicable to such investment, can prevent the Funds from making such investment. For example, completing the acquisition of an interest in a private fund also generally requires the consent of the general partner of that fund and there is no assurance that the Funds will be able to obtain such consent. The Funds may incur significant

expenses investigating potential investments that are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors.

There is thus no assurance that the Funds will identify and acquire an appropriate volume of investments that satisfy the Funds' investment and performance objectives. As a result, the Funds may not be able to invest fully their committed capital, which can adversely affect their performance. The Underlying Funds and Portfolio Fund Managers face similar risks.

*Digital Assets.* The Funds are permitted to invest in cryptocurrencies, app tokens, blockchain-based assets and other crypto-finance and digital assets, or instruments for the purchase of such ("Digital Assets"), which represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short or long-term holding of Digital Assets. Many Digital Assets will derive their speculative value from the perceived usefulness of the blockchain networks they are attached to as many are designed to be consumed in transactions that record data or provide access to certain functionality on these networks. The relative lack of acceptance of Digital Assets beyond their own blockchain network in the retail and commercial marketplace limits the ability of end-users to pay for other goods and services with Digital Assets. A lack of expansion by Digital Assets or use of their underlying blockchain networks into retail and commercial markets, or a contraction of such use, can result in increased volatility. Several factors can affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will grow. A Digital Asset is usually an asset attached to a blockchain network secured by cryptographic authentication. A blockchain network is a peer-to-peer network of computers that store and verify copies of a transactional database. This database, which is the blockchain at the heart of the system, is used to record the ownership and value of Digital Asset transactions and the conditions upon which this Digital Asset can be further transacted by others. Digital Asset transactions can be authorized by any user that cryptographically proves to the network that they have met the required conditions detailed in the transactional database. Once authorized and broadcast to peers in the network, these transactions are then recorded to the blockchain via the rules of the network's validation process as dictated by the code run by network peers, the blockchain's protocol. Thus, Digital Assets are created, issued, transmitted and stored according to protocols run by computers in a blockchain network. Some blockchain networks are further interdependent on other blockchain networks whose attached Digital Asset may have limited to no interoperability but where changes to the protocol may adversely affect some or all interdependent blockchain networks. It is possible these protocols have undiscovered flaws which could result in the loss of some or all assets held by the Fund. There may also be network scale attacks against these protocols which result in the loss of some or all of assets

held by the Fund. Some assets held by the Fund may be created, issued or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support the assets held by the Funds. The developers and/or stakeholders of a blockchain network or open source software project may alter the network protocol in a manner adverse to Digital Asset holders or the Funds. The Funds make no guarantees about the reliability of the cryptography used to create, issue, or transmit assets held by the Funds. It may be illegal, now or in the future, to own, hold, sell or use Digital Assets in one or more countries, including the United States. Although currently some uses of Digital Assets, and the operation of the underlying blockchain networks, may not be regulated or may be lightly regulated in most countries, including the United States, one or more countries may take further regulatory action in the future to severely restrict the right to acquire, own, hold, sell or use Digital Assets or to exchange Digital Assets for fiat currency. Such an action can restrict the Funds' ability to hold or trade Digital Assets and may adversely affect an investment in the Funds.

*Due Diligence of Portfolio Fund Managers; Bad Acts by Portfolio Fund Managers.* Investment decisions on behalf of the Funds will be made based in part on Fairway's evaluation of Portfolio Fund Managers. In this regard, while Fairway performs a detailed assessment on Portfolio Fund Managers on a variety of key investment, operational and legal areas, there can be no assurance that such assessment will identify all potential risks of problems or issues with a Portfolio Fund Manager or verify the compliance of a Portfolio Fund Manager with its stated disclosures and policies and procedures. In addition, the due diligence information on which Fairway relies may be difficult to obtain, limited in scope or inaccurate. Some Portfolio Fund Managers operate in an unregulated environment, and Fairway may have little or no oversight over or input in the activities of such Portfolio Fund Managers. There is a risk that a Portfolio Fund Manager may knowingly, negligently or otherwise withhold or misrepresent information regarding the Portfolio Fund Manager's performance, including the presence or effects of any fraudulent or similar activities, including violations of applicable law ("bad acts"). Such bad acts may also include a Portfolio Fund Manager's failure to properly address conflicts of interest, violations of its own contractual obligations or interference with other persons' contractual obligations, acts inconsistent with applicable laws and regulations or actions that cause such Portfolio Fund Manager or management company disrepute. Fairway's proper performance of its monitoring functions would generally not give it the opportunity to discover such situations prior to the time the Portfolio Fund Manager discloses (or there is public disclosure of) the presence or effects of any bad acts. Accordingly, Fairway can offer no assurances that the Portfolio Fund Managers will not engage in bad acts and cannot guarantee that it will have the opportunity or ability to protect the Funds from suffering a loss due to a Portfolio Fund Manager's bad acts.

Further, if a Portfolio Fund Manager is accused of a bad act, a Fund (as an investor in such Portfolio Fund Manager's Underlying Fund) may be required to indemnify the Portfolio Fund Manager for expenses or losses associated with such accusations. The Funds might be required to directly or indirectly bear the expenses associated with an investigation or litigation of a Portfolio Fund Manager, Underlying Fund or Portfolio Asset, including legal fees. Any such investigation or litigation has the potential to damage a Fund's reputation.

In addition, in certain circumstances, the Funds may be held liable for bad acts of Portfolio Fund Managers. By way of example, the Funds are expected to invest in manager-led transactions, which create potential conflicts of interest for Portfolio Fund Managers. To the extent that there is a lawsuit relating to the terms of such a transaction in which a Fund participates, the Fund may be named as a party.

*Reliance on Portfolio Fund Managers.* Because the Funds invests in Portfolio Funds, an investor's investment in the Funds will be affected by the investment policies and decisions of the Portfolio Fund Manager of each Portfolio Fund in direct proportion to the amount of Fund assets that are invested in each Portfolio Fund. A Fund's net asset value could fluctuate in response to, among other things, various market and economic factors related to the markets in which the Portfolio Funds invest and the financial condition and prospects of issuers in which the Portfolio Funds invest. The success of the Funds depends upon the ability of the Portfolio Fund Managers to develop and implement strategies that achieve their investment objectives. Investors will not have an opportunity to evaluate the specific investments made by the Portfolio Funds or the Portfolio Fund Managers, or the terms of any such investments. In addition, the Portfolio Fund Manager could materially alter their investment strategies from time to time without notice to the Funds. There can be no assurance that the Portfolio Fund Manager will be able to select or implement successful strategies or achieve their respective investment objectives.

The returns of the Funds will depend largely on the performance of Portfolio Fund Managers and their key personnel, which performance includes services with respect to the making, holding and disposing of investments, as well as appropriately managing the affairs of themselves and the Underlying Funds (e.g., maintaining appropriate internal controls, risk management policies and complying with applicable laws). There can be no assurance that the Underlying Funds and Portfolio Assets will achieve their respective investment or performance objectives, which could have a material adverse effect on the Funds. Further, in all cases, the Funds will rely on each Portfolio Fund Manager to manage its activities in a manner consistent with its stated disclosures and applicable laws and regulations and in a manner that will permit such Portfolio Fund Manager to maintain a quality reputation. For example, the Funds will generally rely on Portfolio Fund Managers for the proper allocation of expenses to the Underlying Funds in which a Fund participates. In addition, one or more key personnel of a Portfolio Fund Manager may become incapacitated or in some other way cease to participate in the Underlying Fund.

Fairway will not have an active role in the day-to-day management of the Portfolio Assets or Underlying Funds. It is possible (but not expected) that a representative of Fairway may serve on the advisory boards of certain Underlying Funds, but even in such instances, the Funds do not expect to have the opportunity to evaluate or to approve specific investments to be made by an Underlying Fund, and the Funds are under no obligation to seek to control or influence any Portfolio Fund Manager or any portfolio investment. In any event, the historical performance of a Portfolio Fund Manager is not indicative of its future performance, which can vary considerably.

*Limited Track Records of Certain Portfolio Fund Managers.* The Funds are permitted to invest in Underlying Funds run by managers who have established their own funds after working with various investment groups. In such cases, there is likely to be little, if any, historical performance data available to Fairway for the new manager. In addition, the data on past performance of the manager's personnel's prior fund or investments (whether in a principal capacity or an advisory role) available to Fairway may not be an indication of the future performance of the manager's new fund or investments. There can be no assurance that these Underlying Funds will achieve their respective investment or performance objectives. The failure of one or more of the Underlying Funds to meet their investment or performance objectives could have a material adverse effect upon a Fund.

*Risks Relating to the Use of Leverage by the Portfolio Assets and Underlying Funds.* Like the Funds, the Portfolio Assets and Underlying Funds are permitted to use leverage for a variety of purposes, including funding operating and other expenses and fees and capital expenditures, obtaining working capital and acquiring, directly or indirectly, new investments (including prior to the Underlying Funds' final closing), leveraging existing investments to permit distributions or additional investments, facilitating the Underlying Funds' hedging activities, meeting capital calls of Portfolio Assets, and bridging funding for investments in advance of capital calls. The leverage used by the Portfolio Assets and Underlying Funds can take the form of indebtedness for borrowed money as well as financial leverage in the form of short sales, forward contracts, options, derivatives and other similar transactions, which may expose the Funds to greater risks than if the Underlying Funds and Portfolio Assets did not use leverage. The risks to an Underlying Fund or Portfolio Asset and the investors therein in connection with such entity's use of leverage are similar to the risks to the Funds and investors in connection with the Fund's use of leverage. In addition, if a Fund makes an investment in a leveraged Portfolio Asset or Underlying Fund, there is a risk that the Portfolio Asset or Underlying Fund will be unable to successfully complete a refinancing, if one is desired. This could lead to increased risk as a result of the Portfolio Asset or Underlying Fund having a longer-term investment than expected, a larger equity investment than expected and reduced diversification.

*Effects of General Economic Conditions.* The Funds and the portfolio investments (and any underlying Portfolio Fund Managers) may be adversely affected by deterioration and uncertainty of the financial markets and economic conditions throughout the world, the severity and duration of which cannot be forecast. These market conditions can result in volatility and illiquidity in the global credit, debt and equity markets generally, which can magnify the risks of investment. Further, many of the portfolio investments in which the Funds will directly or indirectly invest are dependent on the availability of credit and access to capital markets, which have proven to be particularly vulnerable to general economic conditions. The duration and ultimate effect of market conditions cannot be forecast, nor is it known whether or the degree to which such conditions will improve or worsen. While such conditions may increase investment opportunities for the Funds and the Underlying Funds and could result in the Funds acquiring investments on more favorable terms, such conditions may also result in declines in the market values of a Fund's existing or potential investments, the inability to secure financing to acquire or hold investments, the inability to realize portfolio investments or otherwise prevent the Fund, Underlying Funds and Portfolio Assets from successfully meeting their

investment objectives. Such volatility and illiquidity may require portfolio investments to be disposed of at a loss. Furthermore, the credit markets tend to be volatile and the availability of, and commercially reasonable terms associated with, indebtedness can be difficult to ascertain. As a result, the Funds may be unable to secure a credit facility. This may have an adverse effect on a Fund's ability to acquire and dispose of investments as well as on the returns associated with its investments.

In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. Any market disruptions described above may also result in further changes to regulatory requirements or other government intervention. Such regulations may be implemented on an "emergency" basis, which may suddenly prevent Fairway and Portfolio Fund Managers from implementing certain investment strategies or from managing the risk of their outstanding positions.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity and venture capital industries. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds. Any such changes are expected to materially impact Fairway, the Funds and/or the investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategy or achieve their investment objectives.

*Risks Relating to the Fund's Use of Leverage.* The Funds are permitted to borrow money or use leverage or enter into other obligations to fund capital commitments or contribute funds for a variety of purposes, including acquiring new investments, leveraging existing investments to permit distributions or additional investments, facilitating the Fund's hedging activities, meeting capital calls of Underlying Funds and other obligations with respect to existing portfolio investments, paying the Fund's fees and expenses and bridging funding for investments in advance of capital calls. The use of leverage by the Funds would be expected to increase the total capital available for investment. The leverage used by the Funds can take the form of indebtedness for borrowed money, which may expose a Fund to greater risks than if the Fund did not use leverage.

While a Fund is permitted to incur leverage, there can be no assurance that the Fund will be able to do so since it may not be able to obtain indebtedness to the extent, at such times and/or on such terms (including with respect to duration, size and interest rates) as it desires. For example, a Fund may not be able to obtain or maintain a credit facility, as a result of general economic conditions, changes in applicable laws, rules or regulations, or otherwise. Moreover, market conditions or other factors can cause or permit the amount of leverage employed by a Fund to fluctuate over its life. The

failure by a Fund to obtain indebtedness on favorable terms or at all could adversely affect the returns of the Fund and impair its ability to achieve its investment objectives.

Gains made with borrowed funds generally would cause a Fund's value to increase faster than without borrowed funds or than if a Fund had incurred less leverage. However, losses incurred with borrowed funds would cause the Fund's value to decrease faster and more significantly than without the use of borrowed funds or than if the Fund had used less leverage.

In addition, in connection with obtaining leverage for the Funds or entering into similar obligations and to the extent permitted by applicable law, Fairway is permitted to assign and/or pledge to the provider of such leverage a Fund's assets (including unfunded capital commitments and the right to make capital calls and to enforce investor's funding obligations, capital contributed to the Fund, distributable proceeds and direct or indirect interests in portfolio investments). If Fairway pledges to the provider of leverage or beneficiary of similar obligations unfunded capital commitments to a Fund, and the amount of such unfunded capital commitments decreases as capital is called by the Fund, the Fund may be required to call additional capital, or use the proceeds from portfolio investments or otherwise reduce the Fund's outstanding leverage. Money borrowed for the purpose of leveraging investments will also be subject to interest costs as well as financing, transaction and other fees and costs that may not be recovered by returns on the portfolio investments purchased or other investment positions taken by a Fund and which may reduce the actual cash returns realized by investors when compared to situations where there was no borrowing or where the borrowed funds were repaid at an earlier date. In addition, investors may be obligated to subordinate any rights or claims they have against a Fund to the rights and claims of lenders. Credit facilities may impose certain restrictions on the operations of the Fund, including prohibiting or deferring distributions to investors under certain circumstances.

The rights of any lenders to a Fund to receive payments of interest and fees or repayments of principal generally will be senior to the rights of investors, and the terms of any such borrowings may restrict certain activities of the Fund, including its ability to make distributions to its investors.

There can be no assurance that a Fund will have sufficient cash flow to meet its debt service obligations. In such circumstances, among others, a Fund may be required to call capital from its investors earlier or in greater amounts than originally anticipated and/or realize investments prematurely in unfavorable market conditions in order to service its debt obligations, and in such circumstances the recovery the Fund receives from such realizations may be significantly diminished as compared to the Fund's expected return on such investments. There can be no assurance that a Fund will be able to liquidate sufficient assets to meet its debt service obligations. As a result, a Fund's exposure to losses, including a potential loss of principal, may be increased due to the use of leverage and the illiquidity of the investments generally.

*The Investment Manager Has Broad Discretion to Allocate Co-Investment Opportunities.* Fairway has broad discretion in determining to whom and in what relative amounts to allocate co-investment opportunities. Factors Fairway takes into account, in its sole discretion, include (but are not limited

to) the magnitude and nature of a potential recipient's relationship with the Firm, whether such potential recipient is able to assist or provide a benefit to the Funds and/or Fairway in connection with the potential transaction or otherwise, whether Fairway believes the potential recipient is able to execute a transaction quickly or is willing to bear expenses associated with a potential transaction that is not consummated or whether the potential recipient is expected to provide expertise or other advantages in connection with a particular portfolio investment (including that such person's participation in the portfolio investment is expected to facilitate the investment by a Fund).

Fairway is permitted, in its sole discretion, to determine to take into account as a factor in connection with allocating co-investment opportunities the size of a potential investor's capital commitment, if any, to a Fund. However, except to the extent an investor has entered into an agreement with Fairway pursuant to which Fairway has granted such investor a right with respect to co-investment opportunities, investors should be aware that they have no such right, and should expect that they will not be offered any co-investment opportunities. Fairway may allocate co-investment opportunities as it determines in its sole discretion, and the recipients thereof may include no Fund investors, or one or more Fund investors and not others (including others that may be similarly situated to those receiving allocations of co-investment opportunities), and on such terms as Fairway determines in its sole discretion.

In addition to allocating co-investment opportunities on a case-by-case basis as they arise as described above, Fairway, in its sole discretion, is permitted without prior notice to investors, to determine to provide priority rights with respect to future co-investment opportunities generally to certain investors (but not to other investors, including similarly situated investors) or other persons, including those described above, pursuant to contracts with such investors or other persons or through the formation of one or more funds or other vehicles in which such investors or other persons would invest. Inclusion in, and the terms of, such a program will be determined by Fairway in its sole discretion, which may include some or all of the factors described above. Each investor should understand that except to the extent it has entered into an agreement with respect to such a program, such investor will have no right to participate in connection with such a program and should have no expectation that it will be offered such a right.

Fairway may, at any time prior to the consummation of a proposed co-investment transaction, determine to withdraw any offer of a co-investment opportunity that was made to any person with respect to a particular investment if Fairway does not receive a sufficient amount (as determined in its discretion) of demand by such person with respect to such co-investment opportunity or for any other reason. In such case, a Fund will acquire, or continue to hold, as applicable, the portion of the portfolio investment that was intended to be sold to persons other than the Fund.

Persons who participate in one or more Direct Investments may make their investments through a co-investment vehicle. Alternatively, some persons participating in one or more Direct Investments may invest either directly or indirectly in the relevant portfolio investment (and not through a co-investment vehicle).



## **Risks Specific to the Registered Fund**

*Dilution from Subsequent Offerings of Shares.* The Registered Fund is permitted to accept additional subscriptions for shares as determined by the Registered Fund's board of trustees, in its sole discretion. Additional purchases will dilute the indirect interests of existing investors in the Registered Fund investments prior to such purchases, which could have an adverse impact on the existing investors' interests in the Registered Fund if subsequent Fund investments underperform the prior investments. Further, in certain cases Portfolio Fund Managers are permitted to structure performance-based compensation, with such compensation being paid only if gains exceed prior losses. The value attributable to the fact that no performance-based compensation is being paid to a Registered Fund Portfolio Manager until its gains exceed prior losses is not taken into account when determining the net asset value of the Registered Fund. New purchases of shares will dilute the benefit of such compensation structures to existing investors.

*Amount or Frequency of Distributions Not Guaranteed.* The Registered Fund expects to pay distributions out of assets legally available for distribution from time to time, at the sole discretion of the Registered Fund's board of trustees. Nevertheless, the Registered Fund cannot assure the investors that the Registered Fund will achieve investment results that will allow the Registered Fund to make a specified level of cash distributions or year-to-year increases in cash distributions. The Registered Fund's ability to pay distributions could be adversely affected by the impact of the risks described in the prospectus. All distributions will depend on the Registered Fund's earnings, its net investment income, its financial condition, and such other factors as the Registered Fund's board of trustees shall deem relevant from time to time.

In the event that the Registered Fund encounters delays in locating suitable investment opportunities, the Registered Fund could return all or a substantial portion of the proceeds from the offering of shares in anticipation of future cash flow, which could constitute a return of capital and will lower investor's tax basis in investor shares. A return of capital generally is a return of the investment rather than a return of earnings or gains derived from the Registered Fund's investment activities and will be made after deduction of the fees and expenses payable in connection with the proceeds from the offering of shares, including any fees payable to Fairway.

*Uncertain Source and Quantity of Funding.* Proceeds from the sale of shares will be used for the Registered Fund's investment opportunities, operating expenses and for payment of various fees and expenses such as the management fee and other fees. It is possible that any working capital reserves the Registered Fund maintains will not be sufficient for investment purposes, and it could require debt or equity financing to operate. Accordingly, in the event that the Registered Fund develops a need for additional capital in the future for investments or for any other reason, these sources of funding possibly will not be available to the Registered Fund. Consequently, if the Registered Fund cannot obtain debt or equity financing on acceptable terms, the ability to acquire investments and to expand operations will be adversely affected. As a result, the Registered Fund would be less able to achieve portfolio diversification and the investment objectives, which could negatively impact the Registered

Fund's results of operations and reduce the Registered Fund's ability to make distributions to investors.

## **Conflicts of Interest**

The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that Fairway, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. In particular, Fairway expects in the future to identify additional conflicts of interest that currently are not apparent to the Firm or to the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as the Firm develops new investment platforms or business lines and otherwise adapts to dynamic markets and an evolving regulatory environment. There can be no assurance that Fairway will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund. To the extent that Fairway identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to investors or in the case of the Registered Fund, to the board of trustees.

*Generally.* The Funds will be subject to various potential and actual conflicts of interest. For example: (i) Fairway affiliates are permitted to receive directors fees or similar compensation from portfolio companies of the Funds; (ii) Fairway and its affiliates manage the Venture Funds and the Registered Fund, any of which may compete with each other for investment opportunities, management time and attention, or otherwise; and (iii) one Funds may invest in companies in which another Fund acquires an interest or has pre-existing investment.

*Allocation of Investment Opportunities.* Fairway currently manages two strategies, the Venture Funds and the Registered Fund. The Venture Funds' investments will focus predominantly on seed and early stage assets with a lesser focus on growth equity. The Registered Fund has a target investment allocation of 40% venture capital, 40% buyout and 15% special situations. While each Fund has its own investment objectives and underwriting criteria, it is possible that an investment for one Fund will also be appropriate for another Fund. In such circumstances, the relevant investment committee will determine the investment allocation in its discretion, in accordance with the relevant Governing Documents and Fairway's policies and procedures, and in the case of the Registered Fund, in accordance with approval from the board of trustees. See Item 7 above for more information regarding side-by-side management.

*Allocation of Co-Investment Opportunities.* Fairway has broad discretion in determining to whom and in what relative amounts to allocate co-investment opportunities. The allocation of a co-investment opportunity can give rise to potential conflicts of interest, including that Fairway will allocate such

co-investment opportunity in a manner that may benefit it, and that, if a co-investment opportunity is granted with respect to an existing portfolio investment, the amount paid directly or indirectly by investors participating in such co-investment opportunity to the Fund in respect of such portfolio investment will be determined by Fairway.

*Valuation of the Funds' Investments.* Fairway will ordinarily value the Funds' investments in Underlying Funds based upon valuations of underlying investments provided by the Portfolio Fund Managers (*i.e.*, Fairway is a "price taker"), and such Portfolio Fund Managers will have interests and incentives that differ from those of the Funds, including relating to the calculation of the Portfolio Fund Managers' fees. To the extent Fairway performs valuation services related to securities and assets held in the Funds, it performs such valuation services in accordance with its Governing Documents and valuation policies and procedures. Fairway will face a conflict with respect to valuations generally because of their effect on Fairway's fees and other compensation, in each case as applicable. With regard to the Registered Fund, the calculation of the Fund's net asset value is determined by the Valuation Committee at the close of business on the last business day of the quarter.

*Use of Service Providers.* The Funds have engaged various service providers (including attorneys and consultants). Fairway selects these service providers based on a number of factors, including expertise and experience, knowledge of related or similar products, quality of service, reputation in the marketplace, relationships with Fairway or others, and price. These service providers are expected to have business, financial, or other relationships with Fairway (including its personnel). These relationships may or may not influence Fairway's selection of these service providers for the Funds. The selection of service providers for the Funds will be conducted in accordance with Fairway's fiduciary obligations to the Funds.

*Allocation of Fees and Expenses.* Fairway may be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses among the Funds and Fairway. As set forth in the Governing Documents, Fairway will allocate fees and expenses to the Funds pro rata in accordance with their respective aggregate capital commitments (or, to the extent such expenses relate to a particular proposed or consummated investment, their respective proposed or actual investments in such investment). The allocations of such expenses to the Funds may not be proportional to the benefit received by the Funds.

*Other Fairway Funds May Invest in or Transact with Portfolio Companies.* It is possible that portfolio companies of the Funds come into competition with other companies in which partners or affiliates of Fairway have an interest via different investment funds or other means. In addition, a Fund could pursue a transaction with an entity in which another Fund has a pre-existing investment. For example, a Fund could lead or participate in a recapitalization of a portfolio company in which another Fund has a pre-existing investment, or invest in a later-stage equity issuance by a portfolio company in which a Fund has a pre-existing investment. Such investments could give rise to conflicts of interest to the extent that Fairway takes into account the interests of one Fund in its consideration of certain actions by another Fund in respect of such investments. In certain circumstances, the pre-existing interests

of one Fund in a portfolio company could preclude another Fund from taking actions it would otherwise have taken or could otherwise be detrimental to a Fund, or alternatively, a Fund could benefit from actions taken on behalf of another Fund. For example, if a Fund makes an investment in an existing portfolio company of another Fund at a valuation that is below (or in excess of) the valuation implied by a Fund's original investment in such portfolio company, such other Fund's investment could be dilutive (or accretive) to a Fund's existing investment.

In addition, the timing of entry into or exit from an investment in a portfolio company could vary among Funds, as well as any co-investor, for reasons such as differences in strategy, timeline of existing portfolio or liquidity needs. There can be no assurance that the terms of, or the return on, one Fund's investment will be equivalent to, or better than, the terms of, or the returns obtained by, another Fund or co-investor with respect to the same portfolio company, nor can there be any assurance that such other Fund or co-investor will hold the same positions in such portfolio company.

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

The Firm does not have any legal or other disciplinary events to report that are material to a current or prospective Investor's evaluation of its advisory business or the integrity of its management.

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

Neither Fairway nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. Neither Fairway nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing. Fairway does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business, its Funds or its investors.

Fairway is affiliated with the Venture Funds' general partners which are deemed registered with the SEC under the Advisers Act pursuant to Fairway's registration in accordance with SEC guidance. The general partners together with Fairway operates as a single advisory business.

Fairway has engaged with Ultimus Fund Solutions ("Ultimus") to serve as an administrator and distributor for the Registered Fund and with Compass Securities Corporation to serve as distributor/placement agent for the Registered Fund and Venture Fund (specifically, for Fairway Venture Capital Fund II, L.P.). As mentioned in Item 14 below, Compass Securities Corporation also serves as a placement agent to the Venture Funds, the cost of which is borne by Fairway and not by any investors in the Venture Funds.

Fairway has and will continue to develop relationships with professionals who provide services it does not provide, including legal, fund administration, accounting, banking, custodial, distribution services, tax preparation, insurance brokerage, information technology, compliance and other services. Some of these professionals provide services to the principals and/or the Funds.

As described in above in Item 8, Fairway primarily invests client assets in Underlying Funds and in Direct Investments in portfolio companies generally alongside Underlying Funds. Fairway does not receive any compensation from the Portfolio Fund Managers of these Underlying Funds in exchange for selecting their funds for the Fairway Funds.

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

### **Code of Ethics**

Pursuant to Rule 204A-1 of the Advisers Act, Fairway has adopted a written code of ethics (“Code of Ethics”) that sets forth standards of conduct expected of supervised persons and addresses personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm’s interests and to maintain full compliance with the federal securities laws.

Supervised persons are required to certify their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code of Ethics will be subject to remedial actions, including, but not limited to, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

Fairway will provide a copy of its Code of Ethics to any existing or prospective investor upon request to Fairway’s Chief Compliance Officer, Lauren Bozzelli at [info@fairwaycap.com](mailto:info@fairwaycap.com) or (872) 250-1260.

### **Participation or Interest in Client Transactions**

Certain Fairway employees and their family members have invested in the Funds and/or Direct Investments either as Fund investors or in the case of the Venture Funds, through a Venture Fund’s general partner. As mentioned in Item 5 and Item 6 above, Fairway generally reduces all or a portion of the management fee and performance fee related to investments held by such persons. These investments pose a risk that employees with influence over investment decisions will favor the portfolios in which they or other employees have a personal interest. Fairway believes that its Code of Ethics, trade allocation and insider information policies and practices manage these risks. Fairway also believes that employee investments in the Funds align the interests of the Firm and Fairway employees with those of Funds and investors.

Fairway will only enter into a principal or cross transaction with the appropriate disclosure and consent. Principal transactions are generally defined as transactions where an adviser, acting as

principal for its own account, knowingly buys from or sells a security to an advisory client. This also applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of Fairway's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or Fairway or a Fund general partner or Firm principal purchasing the interest of an existing investor. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of Fairway's business, a cross transaction would occur when selling an Underlying Fund investment or Portfolio Asset from one Fund to another. Agency cross transactions can arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to Fairway.

In the event Fairway were to recommend a principal transaction or cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant general partner, board of trustees or investors, in each case as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction. During 2022 Fairway engaged in a principal transaction in connection with a warehoused investment for Fairway Venture Capital Fund II, L.P. and followed the above procedures with regard to the transaction.

## **Personal Trading**

The personal trading policy for Fairway supervised persons is set forth in Fairway's Code of Ethics and is acknowledged as received and understood by each supervised person. Fairway's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons do not misappropriate any benefit properly belonging to a Fund.

Because Fairway's business focuses primarily on private market investments, Fairway expects that instances of supervised persons having access to material nonpublic information regarding publicly-traded securities will be relatively infrequent. Fairway's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Fairway maintains a restricted list of issuers about which it has or may have material nonpublic information. Supervised persons are

permitted to make securities transactions in their personal accounts, subject to certain limitations. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including trading in restricted list securities, initial public offerings and limited offerings. In addition, supervised persons are required to file certain reports and link certain brokerage accounts to enable monitoring of personal trading by the Chief Compliance Officer.

The principals and employees of Fairway will occasionally carry on investment activities for their own account and for family members or others, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds. As mentioned above in Item 4, Fairway manages an internal proprietary capital vehicle which pursues a liquid, hedge fund strategy and is wholly unrelated to the activities of the Funds.

In addition, principals and employees are permitted to buy investments offered to, but rejected by, the Funds or that are outside the investment mandate of the Funds. All such employee private investments are subject to pre-approval and/or review by the Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

Fairway focuses on the purchase and sale of Underling Fund interests and Direct Investments. Accordingly, Fairway does not expect to select or recommend a broker-dealer for client transactions. In the event Fairway were to select a broker-dealer for client transactions, it would do so based on its judgment regarding a variety of factors, which will not be limited solely to ultimate deal price, including but not limited to: Fairway's prior experience in working with the broker-dealer; the broker-dealer's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer's responsiveness to the Firm; the broker-dealer's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services providers; and the commission rates, among other factors. Although Fairway generally seeks competitive commission rates, it will seek to obtain the most favorable net result for the Funds and will therefore not necessarily pay the lowest commission or commission equivalent.

Fairway does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive investor referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage. In the event Fairway were to aggregate the purchase or sale of securities for client accounts, it would do so on a pro rata basis.

## **Item 13 – Review of Accounts**

Fairway's investment professionals monitor Fund investments on a regular basis. The Fairway partners monitor portfolio investment performance through regular dialogue with Portfolio Fund Managers and internally maintain an active oversight process of the investments.

Fairway provides to investors on behalf of its Funds a combination of the following written reports, depending on the Fund and as agreed to with each Fund as memorialized in the relevant Governing Document: (i) annual audited financial statements prepared in accordance with United States generally accepted accounting principles (“GAAP”) as promulgated by the Financial Accounting Standards Board (“FASB”), accompanied by the report of the independent certified public accountant within 180 days of fiscal year end; (ii) unaudited financial statements for the first three quarters of each fiscal year; and (iii) annual tax information necessary for the completion of tax returns (K-1). The Firm also has contact with investors (*e.g.*, personal visits, video conference, telephone and email) throughout the year as requested and as conditions warrant.

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

As described in Item 5 above, while it has not done so to date, Fairway is entitled under the Governing Documents to receive certain supplemental fees. The receipt of such fees could present a potential conflict of interest and provide Fairway with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by Fairway or its employees in connection with services rendered would be offset against management fees payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund’s Governing Documents.

In connection with raising capital for the Registered Fund, Fairway has entered into a distribution agreement with Ultimus and Compass Securities Corporation. Any sales charge associated therewith will ultimately be payable by the Registered Fund subject to an Expense Limitation Agreement with the Fund as described in Item 5 above. Compass Securities Corporation also serves as a placement agent to Fairway Venture Capital Fund II, L.P., any fees from which will be borne by Fairway and not Fairway Venture Capital Fund II, L.P.

#### **Item 15 – Custody**

Fairway is deemed to have custody of the Venture Funds’ assets because the general partner is not operationally independent from Fairway. The Venture Funds’ general partner generally has full discretion and control over Fund investments and cash, including the ability to deduct fees from Fund accounts. To comply with Advisers Act Rule 206(4)-2 (the “Custody Rule”), Fairway has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board for the Fund, copies of which are (or will be for newly closed Funds) delivered to the Funds and their respective investors within 180 days of fiscal year end. Investors are encouraged to carefully review such financial statements.

Fairway does not have custody over the Registered Fund.

Fairway does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the



relevant Fund's bank account maintained with a qualified custodian. Fairway receives monthly statements from each of its qualified custodians on behalf of the Funds.

#### **Item 16 – Investment Discretion**

Fairway generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds, subject to the Governing Documents of each Fund. Investment advice is provided directly to the Funds, and not to investors in the Funds individually. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement, investment management agreement or other similar agreement with a Fund. Such documents generally contain a power of attorney that grants Fairway certain powers related to the orderly administration of the affairs of the Fund. Once an investor executes these documents, with limited exceptions discussed elsewhere in this Brochure, Fairway is not required to contact such investor prior to transacting business in a Fund.

Generally, Fairway's only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, will be contained in the relevant Fund's Governing Documents. However, an investor in the Venture Funds can seek to impose limitations on Fairway's authority through a side letter agreement, and the Firm and/or the general partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon Fairway's investment authority with respect to a Venture Fund investor's investment must be presented to Fairway and the general partner in writing and agreed to by all applicable parties.

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

Due to the nature of Fairway's investment program and the investments made on behalf of the Funds, the Funds typically do not hold securities directly in underlying portfolio companies and, therefore, are seldom asked to cast votes at corporate issuers' shareholder meetings. The majority of "proxies" received by Fairway are written shareholder consents or similar instruments for the Underlying Fund investments and Portfolio Assets owned by the Funds. The Governing Documents for the Funds generally provide Fairway with the authority to vote proxies on behalf of its Funds. Fairway has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Fairway's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds with a goal towards maximizing overall value. In the event that there is a conflict of interest in voting proxies, Fairway's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory board on the proposed proxy vote, or through other alternatives as set forth in Fairway's proxy voting policy. Investors in the Funds cannot direct how Fairway votes proxies or shareholder consents on behalf of the Funds, nor is Fairway required to seek investor approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders.

Fairway will provide a copy of its proxy voting policy to investors upon request to Fairway's Chief Compliance Officer, Lauren Bozzelli at [info@fairwaycap.com](mailto:info@fairwaycap.com) or (872) 250-1260. Investors can also

obtain information from the Firm, free of charge, about how Fairway voted any previous securities, if any.

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

Fairway has no financial condition that impairs its ability to meet its contractual and fiduciary commitments to its clients, and Fairway has not been the subject of a bankruptcy proceeding.