

**ITEM 1**  
**COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**  
**INNOVATION X ADVISORS, LLC**

March 29, 2023

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*This brochure (this “Brochure”) provides information about the qualifications and business practices of Innovation X Advisors, LLC (“Innovation X” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 240-223-1988. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Innovation X is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*This Brochure also relates to Innovation X Management, LLC and Innovation Management, LLC (the “Fund MM’s”); however, to the extent the qualifications and business practices of the Fund MM’s are substantially similar to those of Innovation X, no specific mention of the Fund MM’s is made herein.*

*Innovation X is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

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

**ITEM 2**  
**MATERIAL CHANGES**

This Annual Amendment reflects an update to Innovation X Advisors, LLC assets under management as of March 29, 2023.

**ITEM 3**  
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## **ITEM 4**

### **ADVISORY BUSINESS**

Innovation X Advisors, LLC (“Innovation X” or the “Firm”) is a Delaware Limited Liability Company that was formed in 2022. The principal owner of Innovation X is Roger Monteforte. Innovation X’s principal offices are located in Rockville, Maryland and New York, New York.

Roger Monteforte is the principal owner of the Fund MMs, and he is responsible for the day-to-day investment activities of the Firm and the Funds (defined below). Our registration on Form ADV also covers the Fund MMs. The Fund MMs are affiliates of the Firm and serve or may serve as the managing member, general partner, or equivalent of investment vehicles that are organized as limited liability companies or partnerships. The Fund MMs’ facilities and personnel are provided by Innovation X.

Innovation X acts as an adviser to various pooled investment vehicles operating as private equity funds (each a “Fund” or “Client” and collectively, the “Funds” or “Clients”).

Innovation X manages each Fund pursuant to the Investment Management Agreement executed with the Fund and in compliance with the investment strategy described in the applicable (i) confidential offering memorandum and (ii) governing documents of the Fund (collectively, the “Offering Documents”). Prospective Fund investors (“Investors”) should carefully read the Fund’s Offering Documents and consult with their own counsel and advisers as to all matters concerning an investment in a Fund.

The Funds may be established by Innovation X, its affiliates, or third parties. Innovation X, the Fund MMs or their affiliates act as the managing member or general partner to the Funds. Innovation X, its affiliates, and/or their personnel may also have an ownership or management interest in the Funds.

Innovation X is designated with the power and authority to manage the day-to-day administrative, business and investment affairs of the Funds and to perform all obligations pursuant to each Fund’s Offering Documents.

Certain Funds advised by Innovation X are established primarily to purchase, directly and/or indirectly, securities issued by a single privately held early or developmental-stage company \*sometimes called special purpose vehicles or “SPVs”) . In addition, Innovation X from time to time forms Funds to invest in underlying pooled investment vehicles managed by third-party managers (“Fund of Funds”). Accordingly, Innovation X currently provides only limited investment advice with respect to these types of investments.

Privately issued shares are not publicly traded and private share issuers limit the number of shareholders permitted to invest in their company. Due to such limitations, private shares have significant liquidity risk (see “Illiquidity of Investments” in Item 8 below). The Fund purchases private shares in certain private companies, and Investors are permitted to invest indirectly in the private companies by purchasing membership interests in the Fund. If the private company eventually goes public, the Fund may liquidate the position or distribute the shares to members, depending upon market conditions, transfer restrictions on the shares and valuation of the investment.

Innovation X monitors the performance and status of the Funds’ underlying portfolio companies, making distributions when market conditions and valuations are appropriate. Fund Investors have no ability to cause the sale or other disposition of any investment by any Fund or to determine the timing of any distribution or liquidation of a Fund or its assets, or the decision of a Fund to seek additional capital contributions or admit new Investors. Innovation X, in its role as investment adviser to the Funds, and/or

a Fund MM, in its role as a managing member of certain Funds, may agree from time to time to supplements, clarifications, or variations of the terms of a Fund's offering, subscription, or organizational documents in "side letters" or similar agreements.

The descriptions set forth in this Brochure of specific advisory services that we offer to our Clients, and investment strategies we pursue and investments we make on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Fees associated with the Funds can include an annual management fee and carried interest as described in the Funds' Offering Documents. See Item 5 "Fees and Compensation" and Item 6 "Performance- Based Fees and Side-By-Side Management." In addition, the Funds pay operating expenses and other costs, including Fund formation costs. Details of the fees and costs associated with the Funds are included in the documentation specific to each Fund. Certain acquisition costs related to purchase of the private shares by the Fund are incurred indirectly by Investors at the time the Fund acquires the private shares from the seller.

We do not currently participate in any wrap fee programs.

As of March 29, 2023, Innovation X managed approximately \$1,167,000,000 in regulatory assets under management, rounded to the nearest \$100,000.

## **ITEM 5**

### **FEES & COMPENSATION**

Fees associated with Funds for which Innovation X acts as adviser generally include carried interest, but may in the future also include an annual management fee, and are governed by the Investment Management Agreement between Innovation X and the Fund and other governing documents of each Fund. A brief summary of such fees, expenses, and compensation with respect to the Funds (all of which is qualified by and subject to the language of the Fund's governing documents) is provided below. The fees set out in the Investment Management Agreement are not negotiable.

Carried interest and annual management fees (if any) are deducted from Fund assets. Management fees (if any) are either deducted from Fund assets on an annual basis or pre-paid, up-front at the time of the Fund's launch, while carried interest is deducted at the time of distribution of Fund assets to Investors. See Item 6 "Performance-Based Fees and Side-by-Side Management" for more information regarding the carried interest.

In addition to the fees described above, each Fund pays operating expenses and organizational expenses of the Fund. Details regarding the fees and costs associated with each Fund are detailed in the Offering Documents specific to each Fund.

Such operating costs and organizational expenses include, but are not limited to:

- expenses in organizing the Fund, including legal, tax, accounting, marketing, printing and travel expenses;
- any and all fees, costs and expenses incurred in connection with the discovery, investigation, evaluation, negotiation, acquisition, purchase, holding, monitoring, operation, maintenance, improvement, leasing, sale or exchange of proposed or existing portfolio investments (whether or not consummated), including private placement fees, sales commissions, appraisal fees, taxes (except to the extent indemnified by or allocated to one or more Investors), brokerage fees, lenders' fees, legal fees, accounting fees, investment banking fees, consulting fees, research-related fees, professional fees, reasonable out-of-pocket and third-party costs and expenses (including those related to title agents, engineers, environmental inspectors, tax advisors, due diligence firms and other consultants, as well as any reports generated in relation to any of the foregoing), including travel expenses incurred by the officers and employees of the Firm in connection with any of the foregoing;
- any and all costs and expenses incurred in connection with the carrying or management of portfolio investments, including, without limitation, the Fund's normal record keeping and reporting (including software related thereto), custodial fees, trustee fees, maintenance and storage costs of books and records and other administrative fees;
- any and all insurance premiums and expenses incurred by the Fund in connection with the activities of the Fund, including errors, omissions, fidelity, general partner liability, cyber, fiduciary, directors' and officers' insurance and similar coverage for any indemnified persons acting on behalf of the Fund or any entity related to the Fund;
- legal, accounting, audit, administrative, custodial, consulting and other professional fees and the representation of the Fund or the Investors by the tax matters partner and the partnership representative;

- fees, costs and expenses of the Fund's administrator relating to the Fund's activities and its investments;
- any and all costs and expenses incurred in connection with the preparation and delivery of financial statements and reports, the cost of annual audits, taxes (except to the extent indemnified by or allocated to one or more Investors), tax returns, K-1s (or similar schedules) and any other communications with Investors;
- banking, brokerage, registration, qualification, finders, depository and similar fees and expenses (including, without limitation, procurement fees and commissions payable to placement agents in connection with the location, acquisition or disposition of investments);
- appraisal and valuation expenses, including the fees and expenses relating to any appraiser engaged in connection with the distribution of securities in kind;
- costs and expenses that are classified as extraordinary expenses under U.S. GAAP;
- transfer, capital and other taxes and other governmental charges, fees and duties payable by the Fund, other than taxes withheld from distributions to an Investor or otherwise reimbursed by an Investor pursuant to the Fund's governing agreements;
- all costs, expenses, damages, losses and other liabilities in respect of which the Fund provides indemnification pursuant to the Fund's Offering Documents;
- costs and expenses incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund or in connection with investigating, defending and settling any claim, investigation, action or proceeding against or involving the Fund or incurred in the protection or assertion by the Fund of any of its rights, including the amount of any judgments, settlements, damages or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provisions of the Fund's governing agreements;
- costs of winding up and liquidating the Fund;
- expenses incurred in connection with any meetings of Investors of the Fund (including travel expenses related thereto).
- any and all costs and expenses incurred in connection with any amendments, modifications, revisions or restatements, if any, to the Fund's governing agreements and other constituent documents of the Fund and entities related to the Fund;
- any and all costs and expenses associated with negotiating side letters with any Investors and the notification and election process in connection with any "most favored nations" provision of any side letter, including the preparation of any compendium related thereto;
- any and all fees and expenses incurred in connection with obtaining and negotiating any credit facility and any and all interest on, and fees and expenses arising out of, any debt (including pursuant to any credit facility) incurred by the Fund;
- any and all costs and expenses incurred in connection with distributions to the Investors; and

- any and all costs and expenses related to defaults by Investors in the payment of any capital contributions (to the extent not paid by defaulting Investors in accordance with the Fund's governing agreements).

If applicable, Fund Investors may also bear a portion of any fees or expenses charged by any SPVs that have been formed to facilitate portfolio investments by the Funds or their Investors for tax, regulatory, or economic purposes. Innovation X may, at its discretion, choose to pay or reimburse the Fund for all or any portion of expenses related to the establishment of such SPVs.

Details regarding the brokerage and transaction costs that the Funds will pay are described in Item 12 "Brokerage Practices."



**ITEM 6**  
**PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Innovation X, either directly or through an affiliate, receives compensation from the Funds it advises in the form of carried interest. Carried interest arrangements create an incentive for Innovation X to recommend securities that are riskier or more speculative than would be recommended under a different fee arrangement or where Innovation X affiliates have an interest in the Fund. Such fee arrangements also create an incentive to favor private funds that have a higher carried interest over other private funds in allocating investment opportunities. To address this conflict of interest, we have instituted policies and procedures that require us to allocate investment opportunities to applicable funds, if they are suitable, fairly and without regard to whether and how much carried interest may be received from the Fund. In addition, since Innovation X's performance-based compensation may be calculated on a basis which includes unrealized appreciation of the assets held by a Fund, it may be greater than if such compensation were based solely on realized gains.

Carried interest arrangements are described in detail in each Fund's Offering Documents.

## **ITEM 7**

### **TYPES OF CLIENTS**

Innovation X provides investment advisory services to private funds. The minimum investment amount for each Fund is specified in the Fund's Offering Documents. Innovation X may also provide advisory services to separately managed accounts in the future.

At a minimum, Investors in a Fund must be "Accredited Investors," as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and, to the extent a Fund is charged performance-based compensation, Investors in the Fund must be eligible to enter into a performance-based compensation arrangement under the Investment Advisers Act of 1940 (the "Advisers Act"). Notwithstanding the foregoing, Innovation X may allow up to 35 individuals who are not Accredited Investors to invest in a qualifying Fund, pursuant to Rule 506 of Regulation D promulgated under the Securities Act. Innovation X generally requires Fund Investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in the Fund.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### Methods of Analysis

Investment decisions are made through Innovation X's Investment Committee, which is comprised of the CEO, Roger Monteforte, the COO of Innovation X, Eugene Kim, and the CEO of Ceros Financial Services, Inc., Mark Goldwasser. The Investment Committee reviews due diligence performed regarding positions for Funds, reviews potential conflicts of interest, and approves/disapproves positions before an acquisition is made. A list of the members of the Investment Committee is maintained by the Corporate Secretary.

The Investment Committee reviews the relevant terms of the proposed transaction prior to initiating the transaction. In the event any member of the Investment Committee objects to a proposed transaction, the Investment Committee arranges for a meeting to discuss the transaction. Following such discussion, the transaction may be approved by majority vote of the Investment Committee members, with such restrictions, if any, as the Investment Committee may impose. The Investment Committee is free to use any recognized investment strategy/evaluation methodology it sees fit given the facts and circumstances of each particular investment being evaluated.

#### Investment Strategies

As noted above, Funds advised by Innovation X are established primarily to purchase, directly and/or indirectly, securities issued by a single privately held early or developmental-stage company. Once the Investment Committee selects a privately held company for investment, the investment is typically held until an event in which the privately held (i) distributes cash to Investors, (ii) is sold to another company, (iii) is sold to a new set of Investors, (iv) is listed on a public exchange or other trading platform, or (v) shares are distributed in-kind to Investors. In addition, Innovation X from time to time forms Fund of Funds to invest in 3rd party managed funds or Innovation X advised SPVs established to for regulatory, legal or economic reasons.

#### Risk of Loss

Investing in securities of early and developmental-stage private companies involves a significant risk of loss. Innovation X does not represent or guarantee that any methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate the Fund or Investors from losses due to market corrections or declines. Innovation X cannot offer any guarantees or promises that an Investor's financial goals and objectives will be met. Past performance is not an indication of future performance.

Described below are some particular risks associated with the Funds advised by Innovation X.

Risk is inseparable from return. Every investment involves some degree of risk, and both the degree of risk and the type of risk varies depending on the investment. The principal risk of any investment is that despite any comprehensive analysis, the security will not perform as desired. This can be due to, among other things:

#### ***Competition for Investments***

The business of identifying and structuring investments of the nature that the Firm intends to invest in is highly competitive and involves a high degree of uncertainty. The Firm will be competing for

investments with venture capital, private equity, and other private funds, “angel” investors, corporate venture programs, business development companies, institutional investors, hedge funds and other investors. There can be no assurance that the Firm will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration or achieve any particular rate of return.

### ***General Risks Relating to Equity Investments***

A principal risk of investing in a Fund is the risk of investing in equity or equity-linked instruments, where the value of the securities held by a Fund may fall due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities participate, and the particular circumstances and performance of particular companies whose securities a Fund holds. Although common stocks have historically generated higher average returns than fixed-income securities over the long term, common stocks have also experienced significantly more volatility in returns. An adverse event, such as an unfavorable earnings report, may depress the value of equity securities of an issuer; the price of common stock of an issuer may be particularly sensitive to general movements in the stock market; or a drop in the stock market may depress the price of equity securities in a Fund's portfolio. In addition, equity investments in entities that may be regulated by governmental bodies may have the accounting value of such equity mandatorily reduced by order of a governmental body.

As equity instruments normally have no predetermined expiration or maturity dates associated therewith, the process of exiting an equity investment normally has to occur through a sale in a secondary market, whether that be a regulated stock exchange or otherwise. The secondary market value of equity instruments may fall as well as rise, may become worthless and/or may be characterized by various levels of volatility and liquidity.

### ***Investments Dependent on Public Offering Market***

The investment strategy of the Firm is based largely on its investments to become a candidate for an initial public offering. As a result, investments in such securities may involve higher risks than investments issued in initial public offerings, secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investors knowledge of the relevant company and limited operating history of the company. In addition, some companies are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. Also, the management and board of directors of a company that a Fund invests in may have a differing view of the efficacy of an initial public offering, merger, or other liquidity events than that of Innovation X. Funds will be dependent on the decisions of the management and board of directors of each company that will affect the value and liquidity of a Fund. Even when there is an initial public offering, due to SEC regulations, the Firm may be restricted from selling or distributing securities of an issuer for a certain period of time, and may be subject to an additional lockup period following the date of an initial public offering. These factors may contribute to substantial price volatility for such securities.

### ***Investments in Small and Medium-Capitalization Companies***

The Firm may make investments in the securities of companies with small- to medium-sized market capitalizations, including growth stage companies. The securities of such companies, particularly

smaller-capitalization companies, may involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to Investors) is higher than for larger “blue-chip” companies. Among the reasons for greater price volatility of the stocks of these smaller or medium sized companies and unseasoned companies, are less than certain growth prospects of smaller or medium sized firms, the lower degree of liquidity in the markets for such stocks and less publicly available information concerning such companies than for larger, more established businesses. Further, smaller or medium sized companies and unseasoned companies may have limited product lines, markets or financial resources, and they may depend upon a limited or less experienced management group.

The equity securities of small- or medium-capitalization companies are often unlisted or traded over-the-counter or on regional exchanges and, if traded at all, may not be traded in the volumes typical of a national securities exchange. Due to thin trading in the securities of some small- or medium-capitalization companies, an investment in those companies may be illiquid. Consequently, a Fund may be required to dispose of such securities over a longer period of time and on less favorable terms than would be the case when disposing of the securities of larger, more established companies. It may be more difficult to accurately predict the effect that certain developments will have on the market prices for securities of these companies, and, accordingly, to accurately predict when or whether special situations applicable to their securities may occur. Investors should note that investments in companies with limited operating histories are typically more speculative and entail greater risk than investments in companies with an established operating record.

### ***Emerging Company Risks***

Certain of the issuers in which the Firm invests may be developing or rapidly growing companies in high-growth sectors. Many such issuers will be at an early stage of development with little or no operating history, no established products or services, and a smaller market share or undeveloped market relative to larger businesses. Such companies generally have less predictable operating results and are often engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. Growth-stage companies may not be able to effectively scale or otherwise grow at the rate that was projected by the Firm in determining the price the Fund paid for an interest in such companies. Many of the issuers in which a Fund invests will need substantial additional capital (which may not be available or, if available, which could dilute the Fund’s ownership) to support additional research and development activities, expansion or to achieve or maintain a competitive position. Issuers will face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

### ***Early Growth and Growth Investments***

The Firm may invest in private, later-stage companies. These companies typically have modest revenues and may or may not be profitable. They may require additional capital, at high valuations, to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or may not be available on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from

established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. The Funds are expected to hold minority interests in the companies they invest in, so the Firm may have limited influence over such companies and their management teams.

### ***Technology Concentration Risk***

The Firm's investments generally will be concentrated in equity and equity-related securities of technology companies and each Fund will not be broadly diversified. These companies will generally be small and less-seasoned and their equity securities will tend to be more volatile than the overall stock market. As a result, events affecting these companies – for example, intellectual property issues (including litigation over proprietary rights to technology or an inability to adequately protect intellectual property rights), product roll-out delays or failures, rapid obsolescence, constant technical innovation, shifting technical standards, disproportionately large research budgets, marketing expenses and market penetration by competitors and the inability to attract and retain qualified technical and managerial employees – will affect the value of a Fund's portfolio more than they would likely affect a portfolio that was not similarly concentrated.

### ***Investments Dependent on Unproven Products***

The Firm plans to invest in new and emerging companies, which generally have limited operating history, may not be cash flow positive at the time of investment, and may be developing unproven technologies. Due to the novelty of these companies' products, there may be unexpected problems in the areas of product development, manufacturing, general management and production output levels. Furthermore, the market for technology and other emerging growth companies is extremely volatile. As a result, while the Firm's strategy to invest in new and emerging companies may offer the opportunity for significant gains, such investments involve a high degree of risk that can result in substantial losses. No assurances can be given that any products developed by issuers will be successful and be sold in sufficient volume to generate profits.

### ***Investments Affected by Technological Advances***

New and emerging companies that aim to develop groundbreaking technologies may be susceptible to other technical advances that undermine the products that these companies aim to develop and sell. Development of competing technologies may cause market share to shrink, and may cause technologies developed by a company to become outdated, even prior to commercialization of the company's products. Such vulnerability to potential technological developments may pose a risk to the investments that the Firm makes, which in turn could affect the Funds' performance.

### ***Uncertain Protection for Intellectual Property***

In many cases, the value of a company or business in which the Firm may invest will be dependent upon protecting proprietary rights with respect to one or more of the products such issuer develops, produces or markets. There can be no assurance that any issued patents underlying products of any issuer will provide sufficient protection to allow such issuer to conduct its businesses in the ordinary course. The Firm, a Fund or any issuer may, from time to time, receive notices from persons or entities claiming that the Firm, a Fund or such issuer has infringed upon their intellectual property rights. The quantity of such claims may grow over time due to the fast pace of developments in the software sector, increasing amounts of user-generated content, the extensive patent coverage of existing technologies,

and the rapid rate of issuance of new patents. Additionally, issuers may use “open source” software in their products, or may use such software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties may allege that an issuer has not complied with the conditions of one or more of such licenses. To resolve these and other intellectual property infringement claims, the Firm, the Funds and/or the issuers may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers, any of which may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs may be permitted to seek injunctive relief that may limit or prevent importing, marketing and selling products that utilize infringing technologies, and it is possible that such injunctive relief may be issued before the parties have fully litigated the validity of the underlying intellectual property rights. The success of issuers will also depend on the preservation of trade secrets, which are often not protected by patents and are instead subject to relevant confidentiality agreements with third parties such as collaborative partners, licensors, employees and consultants. Disclosure of trade secrets or other confidentiality information in violation of any such agreement could adversely affect the relevant issuer.

### ***Movements in Valuations***

The current valuations of potential issuers in the technology sector may be based heavily on speculation regarding expectations of future earnings. Such uncertainty means that the valuations on which the Firm cause a Fund to make an investment could be susceptible to substantial price fluctuations in the future, and may later be proven inaccurate. As a result, there can be no assurance that the valuation of any issuer will be substantiated in the future or that the Funds will achieve targeted returns with respect to any investment.

### ***Limited Operating History***

Certain issuers may be newly formed entities with little or no operating history upon which prospective Investors can evaluate the anticipated performance of an investment in respect of such issuers. Any past performance of an issuer with which the Firm expects to invest cannot be relied upon as an indication of the future results of an investment in a Fund. The Firm’s investment program should be evaluated on the basis that there can be no assurance that the Firm’s assessments of the portfolio investments will prove accurate or that the Funds will achieve their investment objectives.

### ***Minority Investments***

A portion of the Funds’ investments may represent a minority stake in a privately held company. Such minority holdings may involve higher risks in some respects than do investments in securities of public companies. For example, in some cases, certain major decisions will require the consent of other investors in the relevant issuer, thereby lessening the Firm’s control and, therefore, its ability to protect the position of the Funds.

Such investments may involve risks in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investments. Furthermore, a third-party co-investor or manager or operator may have economic or business interests or goals that are inconsistent with those of the Funds or may be in a position to take (or block) action in a manner contrary to the Funds’ investment objectives. The Funds may also in certain circumstances be liable for the actions of such third parties. Investments made with such third parties

in joint ventures or other entities may also involve compensation arrangements, including carried interest distributions and/or other fees and profit-sharing arrangements payable to such third parties. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of the Funds' interests.

### ***Indirect Investments***

The Firm may cause the Funds from time to time make investments in an issuer indirectly through an investment vehicle sponsored by a third-party sponsor. Such third-party sponsors may have economic or business interests or goals that are inconsistent with those of the Funds or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. The Funds may also in certain circumstances be liable for the actions of such third parties. Investments made with such third parties may also involve compensation arrangements, including carried interest distributions and/or other fees and profit-sharing arrangements payable to such third parties. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of the Funds' interests. Furthermore, there can be no assurance that such third-party managers will be able to operate in accordance with the Firm's expectations.

### ***Reliance on Issuer Management***

The day-to-day operations of each issuer in which the Funds invest will be the responsibility of such issuer's management team, which, in each case, could likely include representatives of other financial investors with whom the Firm is not affiliated and whose interests may at times conflict with the interests of the Firm and/or the Fund. Although the Firm will be responsible for monitoring the performance of each investment, the Firm and the Funds will rely significantly on the management teams and boards of directors of issuers in which the Funds invest. There can be no assurance that the existing management team of any issuer or any successor thereto will be able to operate such issuer in accordance with the Firm's expectations.

### ***Lack of Issuer Information***

When conducting due diligence and making an assessment regarding an investment, the Firm may not have all information needed because the issuer is a privately held company, which is not subject to the same disclosure and reporting obligations of publicly traded companies. Accordingly, prospective Investors may not be provided with financial, operational, or other business information that are sufficient or reliable enough to make an important investment decision. The Firm does not assume any responsibility for the accuracy or completeness of such information, and the information provided may not reveal matters that could have a material adverse effect on the value of an investment. An investment in the Funds is only available to Investors that meet the eligibility requirements and requires the financial ability and willingness to accept the high risks inherent in an investment in a Fund. No assurance can be given that a Funds' investment objectives will be achieved, and a prospective Investor should independently evaluate an investment in a Fund.

### ***Operating Risks***

Following an investment in an issuer, there will be substantially less information available about such issuer than is ordinarily available regarding publicly traded companies, and such information may not be of the same quality. The Firm may have limited information rights with respect to one or more of its portfolio investments and, as a result, will receive less information regarding such issuer than some or all of the other equity holders in such company. In addition, the Firm's investments will typically represent



minority positions in issuers (or positions in which disproportionate voting control (relative to economic ownership) remains with such issuers' founders and/or other investors in such issuer), and, although the Firm may have representatives that serve on the boards of directors, the Firm will not typically have the power to exert significant control over such issuers' boards of directors and management. While certain rights may be sought to protect the Funds' interests, these rights often will not permit the Firm to cause an issuer to take actions that the Firm believes would maximize the value of the Funds' investments, or refrain from taking actions that the Firm believes would impair the value of the Funds' investments. In such cases, the Firm will rely significantly on the existing management and boards of directors of such companies, which many times consists of a small group of unseasoned managers and representatives of other investors with whom the Firm is not affiliated, and whose interests or views may conflict with the interests of the Firm and the Funds. This is especially true in the case of seed investments and certain growth venture investments (particularly those in companies where there are pre-existing institutional investors) where the Firm may have less active involvement with the management of the issuer, no representative on the board of directors, fewer protective provisions (e.g., limited information rights and less (or no) dilution protection) and/or a smaller ownership stake in the issuer. To the extent that the management of an issuer performs poorly, or if a key manager of an issuer terminates employment, an investment in such issuer could be adversely affected.

### ***Portfolio Valuations***

Valuation of the Funds' investments involves inherent uncertainty, and the Firm or any other third party involved in valuing such assets may be incorrect. There can be no assurance that the fair market value of an investment will be fully realizable upon the ultimate disposition of assets of the Funds.

### ***Counterparty Risk***

Certain investments of the Funds will be exposed to the credit risk of the counterparties with which, or the dealers, brokers and exchanges through which, the Firm deals, whether in exchange-traded or Over-The-Counter transactions. The Funds may be subject to the risk of loss of its assets on deposit or being settled or cleared with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Funds, the bankruptcy of an exchange clearing house or the bankruptcy of any other counterparty. In the case of any such bankruptcy, the Funds might recover, even in respect of property specifically traceable to the Funds, only a *pro rata* share of all property available for distribution to all of the counterparty's customers and counterparties. Such an amount may be less than the amounts owed to the Funds. Certain counterparties may have general custody of, or title to, the Funds' assets. The failure of any such counterparty may result in adverse consequences to the Funds.

### ***Uninsured Losses***

The Firm will attempt to maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods or acts of terrorism, may be unavailable, available in amounts that are less than the full market value or replacement cost of investments or underlying assets, or subject to a large deductible. In addition, there can be no assurance the particular risks which are currently insurable will continue to be insurable on an economically feasible basis. The cost of uninsured losses may adversely impact the Funds' investment performance.

### ***Cybersecurity Risks***

The Firm, the Funds, and the issuers in which the Funds invest and their respective service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users, as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, including, without limitation, information regarding the Investors and the Firm's investment activities, and corruption of data. Such damage or interruptions to information technology systems may cause losses to the Funds, without limitation, by interfering with the processing of transactions and affecting ability of the Firm, the Funds and their investments to operate. The Firm and the Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could materially affect the Firm's operations, which may in turn impact the Funds' performance.

In addition to the above cybersecurity related issues, information and technology systems of the Firm, the Funds and their investments may otherwise be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Firm and the issuers in which the Funds invest, which could harm the performance of the Funds and affect their financial performance.

### ***General Market Conditions***

The Funds and their investments may be materially affected by market, economic and political conditions globally, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. The Funds may also be subject to risk arising from a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution may cause a series of defaults by the other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Firm and the Funds interact on a daily basis.

In particular, economic and financial market conditions experienced severe dislocations during and following the global financial crisis. In the ensuing time period, global financial markets experienced considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit, and the failure of a number of leading financial institutions. As a result, certain government bodies and central banks worldwide, including the U.S. Treasury Department and the U.S. Federal Reserve, undertook (and continue to undertake, in some cases) unprecedented intervention programs, the effects of which remain uncertain.

The U.S. economy experienced significant declines in employment, household wealth, and lending relative to prior periods during the crisis. Although financial markets shown significant improvement since that period, to the extent economic conditions experienced over this period were to recur, they could adversely impact the investments of the Funds. These factors are outside the control of the Firm, could adversely affect the liquidity and value of the Funds' investments, and may reduce the ability of the Firm to make attractive new investments.

### ***Assumption of Catastrophe Risks***

The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Funds invest (or has a material negative impact on the operations of the Firm or other service providers to the Funds), the risks of loss can be substantial and could have a material adverse effect on the Funds and the Investors' investments therein. Furthermore, any such event may also adversely impact one or more individual Investors' financial condition irrespective of Fund performance.

### ***Epidemics/Pandemics***

Certain countries have been susceptible to or impacted by epidemics or pandemics, most recently COVID-19. The outbreak of such epidemics or pandemics, together with any resulting restrictions on working practices and travel, and any quarantines imposed, can have a negative impact on the economy and business activity globally (including in the countries in which the Fund invests), and thereby could adversely affect the performance of the Funds' investments. Furthermore, the rapid development of epidemics or pandemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, present material uncertainty and risk with respect to the Fund and the performance of its investments or operations.

In addition, the global nature of the COVID-19 outbreak has affected locations in which the Firm's offices and personnel are situated.

The Firm has business continuity procedures that are designed to ensure that they can remain operational despite any such outbreak, however, it is possible that travel and transportation restrictions, quarantine requirements, mandatory working from home arrangements and/or absence due to illness has the potential to affect the operations of the Funds.

The Firm continues to make decisions based on official advice and best practice, with the wellbeing of their staff, clients, and community front of mind. The preparations and measures the Firm has put in place have proven successful to date from a business continuity perspective, however, they may lead to a disruption of the Firm's business if prolonged or if conditions once again worsen. Given the uncertainties as to the development of the outbreak, it is difficult to predict how long these conditions will exist and the extent to which the Firm and the Funds may be affected.

### ***Environmental Risks***

The Funds' performance may be adversely affected by acquiring an investment which may be subject to environmental risks or impacted by a potential transition to a low carbon economy. Additionally,

changes in environmental laws or in the environmental condition relating to an asset may result in liabilities that did not exist at the time the asset was acquired and that could not have been foreseen. Such transition risks arise as economies and businesses move towards a low carbon environment, and may extend to changes in business processes, taxation, regulation, technology, and consumer behavior. These environmental risks may have an adverse impact on the Funds' portfolio and the rate of return they achieve.

### ***Climate Change***

Continued changes in climatic conditions could have a significant impact on the revenues, expenses and conditions of certain investments. While the full extent of the future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. Sudden changes in climate conditions could affect the frequency and magnitude of natural disasters, including, without limitation, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, which could, among other effects, adversely impact the cash flows available from an investment, cause personal injury or loss of life, damage property, or instigate disruptions of service. Moreover, if the evidence supporting climate change continues to grow, various regulatory agencies might enact more restrictive environmental regulations. These more restrictive regulations could materially impact the revenues and expenses of an investment. Any of the foregoing could therefore adversely affect the performance of the Funds and their investments.

### ***Russia- Ukraine Conflict.***

Russia's invasion of Ukraine in February 2022 and the resulting conflict has caused significant instability in global financial markets and has increased the threat of cyberattacks, nuclear incidents, environmental damage and further escalation of geopolitical tensions. The invasion has also led to multiple countries imposing economic sanctions and enhanced export controls on the activities of certain individuals and Russian entities, and to numerous market participants voluntarily ceasing, suspending or reducing business with counterparties connected to Russia. Global and local macroeconomic impacts including increased inflationary pressures, volatility in the price and supply of energy and other commodities, disruption to supply chains, economic pressure caused by movement of displaced persons and significant uncertainty in the commercial, legal and political environment are likely to further adversely impact individuals and businesses.

The nature and duration of impacts on the business of the Firm, the Funds and their portfolio investments are difficult to predict. While an increase in certain commodity costs may be beneficial for certain portfolio investments, the cumulative negative impacts could be both severe and long-lasting. Adverse impacts could include increased operating costs (as a result of increased energy and commodity prices, among other things) and foreign exchange risk, increased funding costs or reduced access to credit, disruption to supplies and/or loss of customer base for portfolio investments, and adverse impacts on operating margins. These factors could severely impact the Funds' portfolio investments and overall performance, and ultimately the ability of the Funds to achieve their investment objectives.

### ***Foreign Currency and Exchange Rates***

Investments made by the Firm, and the income received by the Funds with respect to such investments, may be denominated in the currency of the jurisdiction in which the businesses or assets are located. However, drawdowns and distributions will be made in United States dollars. Consequently, the return

realized on any investment by prospective Investors whose functional currency is not the currency of the jurisdiction in which the businesses or assets are located may be adversely affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the investment itself. Moreover, the Funds may incur costs when converting one currency to another, which may have an adverse impact on the returns achieved by the Funds.

### ***Interest Rate Risk***

The Firm's investments will expose the Funds to interest rate risk, meaning that changes in prevailing market interest rates could negatively affect the value of such investments. Factors that may affect market interest rates include, without limitation, inflation, deflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorders and instability in domestic and foreign financial markets. The Firm expects that Funds will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other, which could adversely affect their performance.

### ***Commodity Price Risk***

Investments made by the Firm may be subject to commodity price risk. The operation and cash flows of any investment may depend, in some cases to a significant extent, upon prevailing market prices of commodities, including, for example, commodities such as oil, gas, coal, electricity, steel or concrete. Commodity prices may fluctuate depending on a variety of factors beyond the control of the Firm or the Funds, including, without limitation, weather conditions, foreign and domestic supply and demand, force majeure events, changes in laws, governmental regulations, price and availability of alternative commodities, international political conditions and overall economic conditions.

### ***No Diligence of Underlying Funds.***

Certain Funds have been formed specifically to invest in an Underlying Fund, and the Firm generally does not conduct due diligence to evaluate alternative potential investments for such Funds. In addition, The Firm does not intend to conduct investment or operational due diligence with respect to the Underlying Fund and/or its target investments. Similarly, the Firm will not perform any due diligence on or otherwise gauge the effectiveness of the Underlying Fund's investment program or process. Accordingly, there is a risk that the Firm may not detect potential conflicts of interest, fraudulent behavior or investment, administrative or operational weaknesses with respect to the Underlying Fund, any of which may give rise to substantial losses.

### ***Tracking Error.***

Although certain Funds will invest substantially all of their investable capital in the Underlying Fund, its performance will not be identical to the returns achieved by the Underlying Fund. The costs and expenses applicable to an investment in the Fund itself will necessarily result in the Fund underperforming the Underlying Fund. In addition, a variety of other factors may contribute to deviations between the performance of the Fund and the Underlying Fund, including, but not limited to, the size of the Fund's cash reserve that is not invested in the Underlying Fund.

### ***Performance-Based Compensation.***

Underlying Funds may provide for a performance-based fee payable to the Underlying Fund's manager over and above the management fee. Funds bears their allocable portion of such performance-based fee in respect of the Underlying Fund. Performance-based fees may create an incentive for the

Underlying Fund's manager to choose riskier or more speculative underlying investments on behalf of the Underlying Fund than would otherwise be the case in the absence of such performance-based fee.

**Fees for Services at Underlying Fund.** An Underlying Fund's manager or its affiliates may be retained and compensated to perform a variety of services relating to investments made by the Underlying Fund that would otherwise be provided by third parties, and such compensation may not be shared with a Fund or its Investors. The potential for such compensation, both current and future, could be an incentive to cause the Underlying Fund's manager to seek to refer or recommend a transaction to the Underlying Fund.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective client's evaluation of our advisory business or the integrity of our management.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

On July 20, 2022, the business of the Firm and its affiliates spun-out of B. Riley Financial, Inc. (NASDAQ: RILY) which had acquired the business in connection with its acquisition of National Holdings Corporation (NASDAQ: NHLD) and all of its subsidiaries. Following the spin-out, Innovation X is controlled by Roger Monteforte and is affiliated with: Ceros Financial Services, Inc. ("Ceros"), a FINRA registered broker-dealer; Advisors Preferred LLC, an SEC registered investment adviser; AtCap Partners LLC, an SEC registered investment adviser, and certain entities owned or controlled by or affiliated therewith, including the Fund MMs.

While Innovation X generally operates independently from the entities listed above, Innovation X engages Ceros, or another affiliate as described in the Funds' Offering Documents, to act as the placement agent in connection with the sale and distribution of interests in the Fund. Further, Ceros, or another affiliate, receive commissions or finders' fees for the sale of interests in the Funds as described in the Funds' Offering Documents. In relation to these activities, certain employees of Innovation X, including its CEO and majority owner, Roger Monteforte, are registered representatives of Ceros.

Neither we nor any of our management persons are registered as, and none of us have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Additionally, Innovation X utilizes, to varying extents, Ceros, or one of its affiliate's infrastructure, office space, administrative and executive employees, and resources. Certain resources are shared among the entities and their respective affiliates and may or may not be reimbursed.

Investors are hereby notified that Innovation X advises more than one Fund and may advise additional, new Funds in the future without discontinuing management of existing Funds. Innovation X does not intend to cause any Fund to terminate its investment management relationship with Innovation X absent Innovation X's liquidation or bankruptcy. However, Innovation X has a fiduciary duty to act in the best interest of each Fund that it advises, and Investors in each Fund have the right to withdraw from the Fund at any time subject to any notice requirement, lock-up period or other withdrawal limitations described in the Fund's Offering Documents.

#### Other Conflicts of Interest

In addition to the advisory services described above, Innovation X may in the future participate in or sponsor other investment vehicles, and service additional advisory accounts or Funds. We may also decide to engage in other businesses. The Fund(s) and our affiliates may also decide to engage in other businesses.

There are numerous actual and potential conflicts of interest inherent in the interlocking ownership and management of the Funds, the Firm, the Fund MMs, Ceros and their respective affiliates, now or in the future, all of which may have an adverse impact on the Funds and their ability to achieve their investment objective.

In particular, the Firm is principally owned and controlled by Roger Monteforte who is affiliated with and an indirect owner of Ceros. The Fund MMs are also indirectly majority-owned and controlled by Roger Monteforte. Mr. Monteforte is a licensed representative of Ceros, a member of the Funds' Investment Committee and founder and CEO of Forte Capital Group, an independent OSJ branch of Ceros. Mr.



Monteforte is the Co-Chairman of and is an owner of DGB Holdings, LLC, the 100% owner of Ceros. In addition to Mr. Monteforte, certain other associated persons of Ceros may, from time to time, hold positions with the Firm. Accordingly, the Firm, Ceros and the Fund MMs are affiliates. Mark Goldwasser, a member of the Funds' Investment Committee, is Chief Executive Officer of Ceros, and Co-Chairman and a significant equity owner of DGB Holdings, LLC, the 100% owner of Ceros.

Additionally, Ceros may, and in certain circumstances will, share any portion of the agent's fees charged to the Funds with its respective registered representatives, selected dealers or associated persons, who may also be employees or associated persons of the Firm or the Fund MMs. Further, the Firm expects that the Fund MMs will share a portion of the aggregate carried interest with Ceros and registered representatives of Ceros. As an associated person of Ceros, for example, Mr. Monteforte will receive a portion of the agent's fee and brokerage commissions payable to Ceros and payments made in respect of the carried interest paid by a Fund.

These fee sharing arrangements may result in conflicts of interest on the part of the Firm, the Fund MMs and Ceros in the course of advising and operating the business of the Funds, including determinations regarding which investment opportunities to present to the Funds and regarding the timing and terms of disposition of investments of the Funds. For example, the Firm will have a conflict of interest in presenting investment opportunities to the Funds in order to generate fees payable to Ceros, which fees are payable in full at the time of investment and are not contingent on the ultimate profitability of the investment. Conversely, Ceros will have an incentive to present potential investments to the Funds in order to potentially share in any carried interest payable to the Fund MMs.

The Funds or Ceros may also utilize one or more additional placement agents or selected dealers in selling Fund interests and may allot a portion of the agents' fees to such agents or dealers. Ceros may also receive commissions, investment banking fees or other forms of compensation from the Funds for placement agent, investment banking or similar services. Investments in the Funds are from time to time made by Ceros and its respective officers, directors, employees and related parties or by officers, directors, employees and related parties of the Firm; provided, however, none of them has any obligation to do so.

In addition, Ceros, in its capacity as a broker-dealer, is and may in the future be in a position to effect transactions in securities of issuers, either for its own account or for its brokerage customers. Conflicts of interest may then arise as to, among other things, the order in which Ceros or its affiliates or brokerage customers, and the Funds proceed to dispose of these securities. The Firm will seek to resolve these conflicts in as equitable a manner as possible under the prevailing facts and circumstances, but there is no assurance that any such conflicts will be resolved in a manner advantageous to the Fund or its Investors.

Further, the placement fees and the brokerage commissions will be flat fees based on the amount of capital contributions to and the acquisition cost of the underlying investment, respectively. As a result, Ceros and the Firm will have an incentive to negotiate a higher purchase price for the Funds in order to increase the amount of fees payable to Ceros. This may result in Investors paying a higher cost for investments and realizing lower returns than would be the case if the Firm and Ceros were not affiliated. Please see Item 13 for further information with respect to the Firm's brokerage practices.

None of the fees charged by Ceros for any of the foregoing services are shared with the Funds nor will any such fees offset fees or carried interest payable to the Firm, the Fund MMs or Ceros. Accordingly, the Funds do not and will not receive any benefit from such fees. While such fees and other

compensation paid to Ceros and its affiliates are believed by the Firm to be reasonable and generally at market rates for the relevant activities, such compensation will often be determined through negotiations with related parties and not on an arm's length basis. The fee potential inherent in a particular investment or transaction could be viewed as an incentive for Ceros to seek to refer, allocate or recommend an investment or transaction to the Funds.

The agent's fees and the rights of the Fund MMs to carried interest have been determined by the Fund MMs and have not been negotiated at arm's length with the Funds. As such, there is no guarantee that the compensation is competitive with fee and incentive arrangements available for comparable services.

Additionally, as noted above, the Fund MMs will cause a portion of carried interest to be paid Ceros and registered representatives of Ceros and may, in certain circumstances and subject to applicable regulatory requirements, cause a portion of carried interest to be paid to selected dealers or to third parties and their employees and independent contractors. This is expected to occur, for instance, where a Fund engages a placement agent other than Ceros or where a Fund portfolio investment is structured so that the seller receives a portion of carried interest in order to retain an interest in profits generated by the underlying issuer.

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms), to the Funds or their investments also provide goods or services to or have business, personal, political, financial or other relationships with the Firm or its affiliates. Such advisors and service providers may be, and have been, investors in investment vehicles managed by the Firm, sources of investment opportunities for the Firm and its affiliates or may otherwise, and have been, be co-investors with or counterparties to transactions involving the foregoing. These relationships may influence the Firm in deciding whether to select or recommend any such advisor or service provider to perform services for the Funds or their investments. Notwithstanding the foregoing, the Firm will generally seek to engage advisors and service providers in connection with investment transactions for the Funds that require their use on the basis of the overall quality of advice and other services provided, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the Firm believes to be of benefit to the Funds.

In particular, as discussed above, certain of the associated persons of the Firm are or may become a principal and registered representative of Ceros. In the event a Fund seeks to exit a portfolio investment following an IPO or otherwise engages in brokered securities transactions, the Firm may execute substantially all of such Fund's public portfolio transactions through Ceros. Consequently, the associated persons of the Firm will share in a portion of the revenue normally and customarily generated to a broker-dealer by public securities transactions of such Fund.

The Funds may invest in securities of issuers with which Ceros has an investment banking relationship or seeks to do business. Accordingly, Ceros and/or its affiliates may receive compensation for investment banking services or other similar services from the issuers of securities in which the Funds invest. Therefore, the Firm could also have an incentive to recommend the Funds invest in securities of issuers based on Ceros's investment banking relationship with such issuers. The Firm will not recommend that the Funds invest in the securities of an issuer with which Ceros has an investment banking relationship or seeks to do business unless Firm has determined that such recommendation is in the best interests of the Fund.

In certain circumstances, the Firm will utilize Ceros's research reports which are generally published on a regular basis, as well as research services of other affiliates. The Firm and the Funds will receive copies of research products and/or services from Ceros at the same time as Ceros provides copies of such research products and/or services to other customers. The Firm and the Funds will not be given preferential access to such research products and/or services by Ceros.

## **ITEM 11**

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Innovation X has adopted a Code of Ethics (the “Code”) that reflects the Firm’s fundamental position of placing the interests of Innovation X’s Funds first at all times, and to ensure that Innovation X fulfills its fiduciary duty to the Fund. The Code obligates Innovation X and its related persons to put the interests of the Funds and Investors before their own interests and to act honestly and fairly in all respects in their dealings with the Funds. Innovation X’s personnel are also required to comply with applicable provisions of Federal securities laws and make prompt reports of any actual or suspected violations of such laws by Innovation X or its employees. Accordingly, the Code reflects Innovation X’s desire to detect and prevent not only situations involving actual or potential conflict of interests, but also those situations involving only an appearance of conflict or of unethical conduct.

The Code explains each person’s duty to maintain the confidentiality of Innovation X’s proprietary information as well as a policy against insider trading and restrictions with respect to giving or receiving business-related gifts and entertainment or making political contributions to local, state, and federal candidates for public office. The Code also contains Innovation X’s personal trading policy which limits the ability of its employees to trade in securities for their personal accounts. The Code is designed to assure that personal securities transactions, activities, and interests of employees will not interfere with (i) making decisions in the best interest of the Funds and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The personal trading policy applies to accounts of certain family members including the spouse and minor children of a principal or employee who live in the same household. Innovation X prohibits employees from executing any transaction that would have an adverse economic impact on the Funds.

#### Cross Transactions

While the Firm generally expects each investment to be held by the relevant Fund until disposition, we may, in the future, determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “Cross Transaction”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs. If we decide to engage in a Cross Transaction, we will determine that the trade is in the best interests of each Client involved in the transaction and, to the extent required by the relevant governing documents of the participating clients, present the Cross Transactions to the applicable committee of Investors of the applicable Fund authorized to approve such conflict of interest transaction.

#### Principal Transactions

To the extent that Cross Transactions may be viewed as principal transactions due to the ownership interest in a client by us and our personnel, we will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of Investors in such a client by the applicable committee of Investors of the applicable Fund authorized to approve such conflict of interest transaction, and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

#### Conflicts of Interest Created by Contemporaneous Trading

Each Fund (or class of Fund interests) generally makes a single investment in an issuer’s securities, and each Fund (or class of Fund interests) generally does not participate with other Clients in investment

opportunities. The Firm may, in the future, advise multiple Clients that have broader investment programs that participate with other Clients in investments. Subject to the terms of the relevant Client governing agreements, it is the policy of Innovation X to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. The Firm will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the Firm purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the Client.

## **ITEM 12**

### **BROKERAGE PRACTICES**

When possible, Innovation X selects the broker- dealers used to execute trades for the Fund and Fund Investors. When selecting such broker-dealers, Innovation X may consider the following:

- Execution factors, including execution speed;
- Quality of overall execution services provided by the broker-dealer;
- Creditworthiness, business reputation, and stability of the broker-dealer;
- Ability and willingness to correct trade errors;
- Promptness and accuracy of confirmation statements; and
- Ticket charges by the broker-dealer.

For selected broker-dealers, Innovation X, on an annual basis, evaluates broker-dealers currently utilized, using the above factors, and in that connection reviews best execution reports provided by the account custodians that demonstrate their own compliance with best execution requirements and order routing, as applicable.

Innovation X intends to use the services of its affiliates to affect a majority of transactions, including acquiring the Funds' underlying investments (which would result in our affiliates receiving commissions from the Fund) and such affiliates may be engaged to be Funds' introducing broker.

In certain instances, where the underlying shares are held by a third-party fund, the Fund may not be able to select the broker- dealer used to execute transactions in the underlying shares. In such instances, the Fund will request information on the executing broker-dealer's best execution practices.

#### Directed Brokerage

Certain Funds may direct that some or all account transactions be effected through specific brokers or dealers. In such case, the Fund is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such brokers. Innovation X will assume no responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for such Fund's account. A Fund must recognize that it may not obtain rates as low as it might otherwise obtain if Innovation X had discretion to select brokers or dealers other than those chosen by the Fund. Any Fund providing instructions to Innovation X regarding direction of brokerage transactions must notify Innovation X in writing if the Fund desires Innovation X to cease executing transactions with or through any such broker or dealer.

#### Soft Dollar Arrangements

Innovation X does not have any formal soft-dollar arrangements.

## **ITEM 13**

### **REVIEW OF ACCOUNTS**

Innovation X investment personnel monitor each Fund's investments on an ongoing basis.

#### Fund Reports

Each Fund has an independent public accountant that will audit the Fund's books and records as of the end of each fiscal year. Each Fund will distribute to its Investors an annual report prepared by its independent public accountant as well as annual audited financial statements within 120 days of the end of each fiscal year and upon liquidation.

Additionally, each Investor in the Fund will be furnished with the required tax information for preparation of their respective tax returns.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

Innovation X does not pay compensation to affiliated or unaffiliated persons (solicitors) for referring Clients to Innovation X. However, as noted above, Ceros acts as placement agent for the Funds advised by Innovation X and receives commissions for the sale of interests in the Funds as described in the Fund's Offering Documents. In addition, the Fund MMs are also affiliates of Innovation X and receive payment for their management services in accordance with the Fund's governing agreements.



## **ITEM 15**

### **CUSTODY**

Innovation X does not act as a custodian for Fund assets. However, Innovation X is deemed to have custody of a Fund's assets because of its relationship with Fund MMs. It is Innovation X's policy to cause the Funds with assets over which Innovation X is deemed to have custody to be audited annually and to distribute audited financial statements, prepared in accordance with GAAP, to Investors after the end of each fiscal year. In addition, upon the final liquidation of any Fund, Innovation X will obtain a final audit and distribute to all Investors audited financial statements, prepared by a qualified accountant in accordance with GAAP, promptly after completion of the audit.

Funds and securities that are acquired in transactions not involving public offerings may be uncertificated with ownership recorded on the books of the issuer or its transfer agent in the name of the Fund. Other securities of privately held companies will be held by a qualified custodian. Cash of Funds is held with Signature Bank or another qualified bank depository.

**ITEM 16**  
**INVESTMENT DISCRETION**

Innovation X has discretion over Fund assets, which includes the authority to select a custodian and, if applicable, broker-dealers for the Funds.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

Innovation X votes securities held by the Funds. The Firm has adopted written policies regarding the voting of securities held in the Funds and will vote in accordance with these policies. Where the underlying securities are held by a third-party fund, the Fund will seek to confirm that the third-party fund has adopted written policies regarding the voting of securities and such fund votes in accordance with those policies.

Innovation X is committed to voting proxies related to shares held in the Fund, if any, in a manner consistent with the best interests of the Fund's Investors. When applicable, the Investment Committee is responsible for ensuring proxies are voted on behalf of the Fund's Investors for any shares held in the Fund. The Investment Committee has sole authority over proxy voting decisions related to shares held in the Fund, if any, meaning that Fund Investors cannot direct proxy votes in any proxy solicitations.

Some of Innovation X's proxy voting guidelines are summarized below:

- Innovation X generally votes for: uncontested director nominees recommended by management; the election of auditors recommended by management unless a dispute exists over policies; limiting directors' liability; and eliminating preemptive rights.
- Innovation X votes against: proposals that make it more difficult to replace board members, including proposals to: stagger the board; overweight management on the board; introduce unequal voting rights; proposals to entrench the board or adopt anti-takeover measures; proposals to provide cumulative voting rights; and social issues.

Although many proxy proposals can be voted in accordance with Innovation X's proxy voting guidelines, some proposals will require special consideration, and in such cases, Innovation X will make a decision on a case-by-case basis.

If the Investment Committee is aware of any potential or actual conflict of interest relating to a particular proxy proposal, it will seek to eliminate or mitigate such conflict prior to voting the proxy in accordance with Rule 206(4)-6 of the Advisers Act. The Investment Committee may refrain from voting a proxy if in the Fund's best interests, such as when the cost of voting the proxy exceeds the expected benefit to the Fund. However, the decision to refrain from voting must be documented.

A copy of Innovation X's Proxy Policy is available to the Funds upon request from Innovation X's CCO. Information about how proxies were voted, if any, can be obtained from the CCO.

**ITEM 18**  
**FINANCIAL INFORMATION**

The Firm is not required to provide a balance sheet for its most recent fiscal year, is not aware of any financial condition likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.