



Sands Capital Ventures, LLC

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This brochure provides information about the qualifications and business practices of Sands Capital Ventures, LLC (“*Sands Capital Ventures*”). If you have any questions about the contents of this brochure, please contact us at (703) 562-4000. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “*SEC*”) or by any state securities authority.

Sands Capital Ventures is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Sands Capital Ventures is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Sands Capital Ventures is 155517.

Item 2. MATERIAL CHANGES

Sands Capital Ventures filed its most recent Form ADV Part 2 on March 31, 2022. This annual amendment updates the description of the business practices of Sands Capital Ventures and its affiliates, including with respect to risk factors and conflicts of interest.

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PLEASE RETAIN THIS BROCHURE FOR YOUR RECORDS.

Item 4. ADVISORY BUSINESS

Sands Capital Ventures is an independent investment management firm that was formed in October 2010. Sands Capital Management, LP is the principal owner of Sands Capital and, in turn, is principally owned directly and indirectly by a number of limited liability companies and estate planning trusts as identified in Schedule B of Part 1. Sands Capital and Sands Capital Management LP are ultimately controlled by Frank M. Sands.

Sands Capital Ventures provides investment advisory and management services to pooled investment vehicles (the “*Funds*”) that are exempt from registration under the U.S. Investment Company Act of 1940, as amended (the “*1940 Act*”), and whose securities are not registered under the U.S. Securities Act of 1933, as amended (the “*Securities Act*”), primarily regarding venture capital, growth equity and related investments. Sands Capital Ventures’ investment strategies and methods of analysis are described in *Item 8*. As the investment adviser to each Fund, Sands Capital Ventures and its affiliates identify investment opportunities for, and participate in the acquisition, management, monitoring and disposition of investments of, each Fund.

Sands Capital Ventures focuses its investment research and due diligence efforts across geographies and industries, including life sciences, technology, and consumer. The Funds invest in businesses across multiple stages, principally from seed through late-stage growth equity. The Funds may also invest in their portfolio companies’ initial public offerings and thereafter in secondary public market transactions or public or private follow-on offerings. Some Funds, depending on their investment strategies, also initiate investments in public companies. Such investments take the form of privately negotiated instruments, including unregistered equity from both U.S. and non-U.S. issuers, and in some instances, publicly traded securities. From time to time, the senior principals or other personnel of Sands Capital Ventures or its affiliates expect to serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested. Sands Capital Ventures may, from time to time, engage persons unaffiliated with Sands Capital Ventures to represent the relevant Fund(s) on portfolio companies’ boards of directors. Some of the Funds also invest in investment funds managed by unaffiliated third parties that principally target venture capital and/or growth equity investments. Sands Capital Ventures’ investment advisory services are performed in accordance with the advisory agreement and/or organizational documents of each Fund and are subject to the direction and control of the general partner of each Fund, if any. Investment advice is provided directly to the Funds and not individually to the investors in the Funds.

Any restrictions on investments in certain types of securities are established by the general partner of a Fund and are set forth in the documentation received by an investor prior to investment in the Fund. Once invested in a Fund, investors cannot impose restrictions on the types of securities in which a Fund may invest.

Each general partner of a fund is subject to the U.S. Investment Advisers Act of 1940, as amended (the “*Advisers Act*”) pursuant to the registration of Sands Capital Ventures in accordance with SEC guidance. This Brochure also describes the business practices of the general partners, which operate as a single advisory business together with Sands Capital Ventures.

Investors in a Fund generally have no right to redeem their interests in such Fund prior to the expiration of its term and can obtain liquidity only upon the termination of the Fund or a partial disposition of its investments.

Sands Capital Ventures had assets under management of approximately \$2,697,019,354 as of December 31, 2022.

Item 5. FEES AND COMPENSATION

Sands Capital Ventures or its affiliates generally receive Management Fees (as defined below) and incentive allocation or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies, have in the past and may in the future also make other payments to Sands Capital Ventures or its affiliates for services provided to the portfolio companies, which, in certain circumstances, would reduce the Management Fees payable to Sands Capital Ventures. Additionally, consistent with the organizational documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by Sands Capital Ventures in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

Management Fees

Investors in a Fund typically are indirectly subject to an investment management fee payable by the Fund to Sands Capital Ventures as the investment manager of the Fund equal to a percentage of the capital commitments to or the capital invested by, such Fund (the “*Management Fee*”). The precise amount of, and manner and calculation of, the Management Fee are established by Sands Capital Ventures and are set forth in a Fund’s organizational documents provided to an investor prior to investment in a Fund. The Management Fee is typically not open to negotiation. Additionally, Management Fee rates currently and may in the future differ from one Fund to another, and certain Funds grant investors the ability to choose among different Management Fee rate options that correspond to different incentive allocation percentages. Certain Funds, from time to time, also grant investors participating in the initial closings of such Funds lower Management Fee rates. Further, Sands Capital Ventures may waive the Management Fee for certain investors (if consistent with the Fund’s organizational documents); currently, Sands Capital Ventures does not waive the Management Fee except as described below. The Management Fee is payable until the final proceeds from capital investments are distributed or until Sands Capital Ventures’ relationship with the Fund is terminated for other reasons as described in the organizational documents. The Management Fee may be lowered or offset by certain fees received by Sands Capital Ventures, or its affiliates as described in more detail below. The fee structures described herein may be modified from time to time. Upon termination of an advisory agreement, Management Fees that have been prepaid are generally returned on a prorated basis.

Generally, Sands Capital Ventures’ personnel, affiliates, and other “friends and family” of Sands Capital Ventures (which for the avoidance of doubt includes certain investors meeting qualification requirements based on certain strategic or relationship factors) (“Adviser Investors”) who invest in a Fund will not be subject to a Management Fee or will receive a reduction in management fees. However, Adviser Investors (or Sands Capital Ventures or its affiliates on their behalf) will bear their *pro rata* share of certain Fund expenses. In addition, and in accordance with the applicable Fund’s organizational documents, Sands Capital Ventures has entered into and anticipates entering into letter

agreements or other similar agreements (collectively, “*Side Letters*”) with one or more investors that provide such investors with additional and/or different rights (including, without limitation, with respect to Management Fees) than provided in the organizational documents of the Funds.

The Management Fee paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) the fees incurred by Sands Capital Ventures in connection with the organization of such Fund that exceed a limit specified in such Fund’s organizational documents, and/or (3) certain Other Fees (as defined below) received by Sands Capital Ventures or its affiliates. The amount and manner of such reduction, if any, is set forth in the organizational documents of the applicable Fund. To the extent a reduction relates to more than one Fund, Sands Capital Ventures will allocate the reduction fairly amongst the Funds, at its discretion. To the extent a reduction relates to a portfolio company held by more than one Fund, Sands Capital Ventures shall allocate the resulting Management Fee reduction among the applicable Funds in proportion to their interest (or prospective interest) in the portfolio company(ies) to which the reduction relates. As some Funds, co-investment vehicles, or investors may not pay Management Fees, any such reduction will not benefit such Funds, vehicles, or investors. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Management Fees will be retained by Sands Capital Ventures and such amounts will not offset any Management Fee.

In addition, Sands Capital Ventures may waive or reduce all or a portion of the Management Fee paid by a Fund in full or partial satisfaction of any obligation of Sands Capital Ventures and certain employees and affiliates of Sands Capital Ventures to invest in and alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Management Fees may not be subject to various offsets or the reductions described above. Fund investors may not receive the full benefit of reductions or offsets in Management Fees due to certain factors. These factors include waived or reduced Management Fees and the timing of compensation subject to offsets. For example, during periods when Sands Capital Ventures no longer receives Management Fees and receives compensation that would otherwise be subject to offset, Sands Capital Ventures may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investors, depending on certain elections that may be made by Fund investors.

As is generally the case in private equity funds, the organizational documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As further specified in the organizational documents, from the effective date of the relevant Fund until a date specified in the organizational documents (generally representing the earlier of the end of the Fund’s defined investment period and the date the relevant general partner (or an affiliate thereof) first begins receiving or accruing management fees from another Fund meeting certain criteria (the “Stepdown Date”)), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund that have not been realized or permanently written down.

Under the organizational documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value and will instead continue

to be calculated based on the amount of such investment contributions.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including following the investment period, and will not be reduced in connection with any write-downs (whether temporary or permanent), except in the case of investments concluded by the relevant general partner as permanently written down. Except where the organizational documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

In many circumstances, the investment contributions component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the organizational documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

The organizational documents set forth the full list of terms under which Management Fees will be reduced, offset, or otherwise limited, and consequently, investors should expect to bear the full specified Management Fee rate in the organizational documents until they are reduced in the circumstances and on the date(s) specified therein.

Other Fees

Fees Payable by the Portfolio Companies

Sands Capital Ventures and its affiliates provide various services such as financial advisory and transaction-related services to the companies in which the Funds have invested or may invest in the future. This includes helping to structure investments in these companies, as well as facilitating mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales, or other dispositions involving these companies. In return for these services, Sands Capital Ventures and its affiliates may receive fees ("Transaction Fees") from these companies.

Sands Capital Ventures and its affiliates may also provide advice, consultation, and other similar ongoing services to portfolio companies of the Funds pursuant to monitoring agreements and receive monitoring fees ("*Monitoring Fees*") for such services. The terms of a monitoring agreement may include (among other things) annual automatic renewals and the payment of Monitoring Fees (which may be fixed fees or calculated as a percentage of EBIDTA or similar performance metric).

In addition, Sands Capital Ventures and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company ("*Director Fees*") and in connection with an unconsummated transaction ("*Break-Up Fees*" and, together with Transaction Fees, Monitoring Fees and Director Fees, the "*Other Fees*"). The amount and timing of Break-Up Fees are generally specified in the agreement or other documentation governing the transaction.

Generally, under the terms of the applicable organizational documents, for purposes of calculating any Management Fee offset, Other Fees are net of certain taxes out-of-pocket costs and expenses Sands Capital Ventures incurs in connection with consummated or unconsummated transactions or in connection with generating any such fees. Other Fees may be substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto), or otherwise. Although Other Fees are earned separately from and in addition to the Management Fees,

Sands Capital Ventures will in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of such Other Fees in accordance with the organizational documents of the applicable Fund. As some Funds or co-investment vehicles may not pay Management Fees, any such reduction will not benefit such Funds or vehicles.

In some, but not all, circumstances portfolio company's payment of Other Fees will create a conflict of interest between Sands Capital Ventures (including its affiliates) and the Funds and/or their investors because the amounts of these Other Fees and reimbursements (see "*Expense Reimbursement*" below) may be substantial, and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The amount of such Other Fees and reimbursements will generally not (except in connection with the reductions described herein) be disclosed to investors in the Funds. Sands Capital Ventures may, however, at its discretion, disclose to an investor the amount of Other Fees known or reasonably expected to be received from a particular portfolio company at the time an investment is made. Sands Capital Ventures does not take into consideration whether a portfolio company will pay it or an affiliate an Other Fee when making an investment determination.

With respect to the implementation of the arrangements described above, it is anticipated that there will not be an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such Other Fees and other related terms in the applicable agreement with the portfolio company.

Payments Made to Third Parties

Sands Capital Ventures and its affiliates may engage and retain advisors, consultants, and other similar professionals who are not employees or affiliates of Sands Capital Ventures and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons may be retained by such persons and will not be deemed paid to or received by Sands Capital Ventures and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see "*Providers of Operations Support*" in *Item 11* below

Expense Reimbursement

Additionally, in the event a portfolio company reimburses Sands Capital Ventures for expenses (including, without limitation, travel expenses, which may include expenses for chartered or first class travel, meals and entertainment expenses, indemnification expenses, certain legal expenses, and similar out-of-pocket expenses) incurred by Sands Capital Ventures in connection with its performance of services for such portfolio company, such reimbursed expenses are generally not included in the definition of "Other Fees" under the terms of the applicable organizational documents, and therefore are not subject to the sharing arrangements described above.

Expenses

Fund Expenses

Consistent with the organizational documents of the Funds, each Fund bears all expenditures relating to the Fund's activities, investments and business, including, to the extent not paid or reimbursed by a portfolio company or other third-party:

- a. all reasonable costs and expenses incurred in connection with the organization of the Fund, including legal and accounting fees, printing costs, travel, accommodation, and out-of-pocket expenses, and all costs and expenses incurred in connection with the offering and sale of limited partner interests in the Fund (including, but not limited to, any legal advice, filing or other regulatory expenses incurred with respect to such offering and sale in U.S. or non-U.S. jurisdictions, but excluding placement agent fees), generally subject to a cap as set out in a Fund's organizational documents;
- b. all reasonable research and due diligence expenses (including industry research expenses and consultant or expert expenses), legal and administrative, travel and accommodation expenses in connection with sourcing, researching, structuring, negotiating, making and monitoring and disposing of investments, accounting, audit and tax preparation, financing, investment banking, valuation firm and consulting expenses (including expenses of engaging valuation agents), reporting (as applicable) and other out-of-pocket costs relating to the Fund's operations, activities, investments or business and filing and similar fees paid on behalf of the Fund, including such expenses with respect to transactions that are not consummated, investment expenses, including brokerage commissions, custody fees and Break-Up Fees and other "broken deal" costs, to the extent that such expenses are not reimbursed by entities in which the Fund invests or proposes to invest;
- c. all custody, administration, transfer, registration, depositary (including a depositary appointed pursuant to the Alternative Investment Fund Managers Directive), and similar expenses incurred by the Fund and all brokerage and finders' fees and commissions and discounts incurred by the Fund in connection with the Fund's operations, activities, investments or business;
- d. any and all fees and expenses of the advisory committee, including the out-of-pocket expenses of its members, and all expenses incurred in connection with meetings of the partners, including fees and expenses of joint meetings with investors in other funds and accounts managed by Sands Capital Ventures and its affiliates;
- e. any and all fees and expenses incurred in connection with the Fund, the relevant general partner, or Sands Capital Ventures' compliance with any regulatory requirements in respect of the Fund;
- f. all interest on funds borrowed by the Fund (if any);
- g. all extraordinary expenses, such as litigation (including potential litigation) and indemnification costs and expenses, judgments, and settlements;

- h. all taxes, fees, or other governmental charges (if any) required to be paid or withheld by the Fund;
- i. all premiums and other reasonable costs relating to indemnity or insurance policies (including cyber-security insurance policies) maintained by the Fund, the relevant general partner, Sands Capital Ventures or their affiliates for the benefit of their respective members, partners, stockholders, managers, directors, officers, employees, agents, or affiliates;
- j. all reasonable audit, tax preparation, mailing and postage, facsimile and printing expenses and the costs of maintaining the books and records of the Fund, including any related internal costs that the relevant general partner or Sands Capital Ventures may incur to produce any such books and records or external costs for a third-party administrator to maintain and oversee the Fund's books and records);
- k. the Management Fee;
- l. all expenses of liquidating, dissolving and terminating the Fund;
- m. all reasonable expenses incurred in connection with any tax audit, investigation, settlement, or review of the Fund; and
- n. all costs and expenses of any independent client representative.

The general partners of Funds have formed and expects to form certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal, or regulatory considerations of investors ("SPVs"). In the event a general partner creates an SPV, consistent with the organizational documents of the Fund, the SPV and, indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

The relevant general partner reserves the right to agree with operating partners including entities formed for the benefit of such persons and/or to facilitate the provision of their services), senior advisors, joint venture or similar partners, service providers, portfolio company management, or other persons that all or a portion of certain expense reimbursements, payments, or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation.

Sands Capital Ventures and certain third parties perform administrative services on behalf of the Funds (including, but not limited to, bookkeeping and financial reporting). The Funds will reimburse Sands Capital Ventures or the relevant third party for any expenses incurred on their behalf. The Funds will pay fees to third parties for such services according to their standard fee schedules and will reimburse such parties for authorized expenses incurred on behalf of the Funds.

Sands Capital Ventures' Expenses

To the extent provided in the organizational documents of the Funds, Sands Capital Ventures will pay all of its day-to-day operating expenses, including rent, utilities, office supplies, office equipment, salaries, cash bonuses, benefits, and expenses of its respective officers, directors and employees (other than incentive allocation described below), except for the expenses incurred by such persons that may be reimbursed by a Fund pursuant to the terms of the organizational documents of such Fund.

Co-Investment Vehicle Expenses

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate an investment alongside the Fund, may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in the consummation of a transaction.

If a proposed transaction is not consummated, generally no investors will be admitted to such co-investment vehicle, and the Fund(s) would therefore bore the full amount of any expenses relating to such transaction ("*Broken Deal Expenses*"). Similarly, co-investment vehicles are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction.

Allocation of Expenses

In exercising its discretion to allocate investment opportunities and fees and expenses, Sands Capital Ventures is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense, and compensation structures, Sands Capital Ventures has an incentive to allocate investment opportunities to the Funds from which Sands Capital Ventures or its related persons derive, directly or indirectly, a higher fee, compensation, or other benefits, or in which persons related to Sands Capital Ventures have invested their own capital.

To the extent not allocated to a portfolio company, Sands Capital Ventures will allocate fees and expenses incurred in the course of evaluating potential investments that are consummated between Funds in accordance with each Fund's organizational documents or, to the extent not addressed in such organizational documents, in proportion to each Fund's relative capital subscriptions or on such other basis Sands Capital Ventures believes is fair and equitable, *provided* that such fees and expenses may be shared on a disproportionate basis if Sands Capital Ventures determines, at its discretion, that such disproportionate allocation would be more appropriate or equitable in view of the nature of such fees and expenses.

The appropriate allocation of expenses and fees generated in the course of evaluating and making investments that are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees, and the fees of other professionals between Funds and affiliate-managed funds may not be clear. In such instances, allocation will be determined by Sands Capital Ventures and its affiliates in their good-faith discretion, considering all factors they deem to be relevant. In general,

each affiliate responsible for making such a decision will participate in the resolution of all such matters using its best judgment in good faith, considering all factors it deems relevant.

Incentive Allocation

Please see *Item 6* below regarding incentive allocation that Funds may pay.

Brokerage Fees

In the event that Sands Capital Ventures chooses to use a broker-dealer in connection with a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see *Item 12* below.

Item 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Investors in the Funds are also typically subject to an incentive allocation paid to Sands Capital Ventures or its affiliate equal to a percentage of the net realized gains on the full or partial disposition of the investments held by the Fund, and, for some Funds, also on the realized and unrealized gains on investments in marketable securities that are held by the Fund. Generally, an incentive allocation will be distributed following a full or partial disposition of a Fund's assets or another liquidity event that gives rise to a distribution by the Fund to the investors. For some Funds, an incentive allocation will be distributed on a periodic basis, as specified in each Fund's organizational documents. An incentive allocation will generally only be made with respect to an investor after the investor has received a full return of its capital contributions to the Fund. Although Sands Capital Ventures has never agreed to modify a Fund's incentive allocation structure at the request of an investor, Sands Capital Ventures or its affiliate may in the future separately negotiate terms with individual investors, which may result in an investor being subject to an incentive allocation that is different from those applicable to other investors of the same Fund. The incentive allocation applicable to certain investors may be reduced or eliminated for such period(s) as Sands Capital Ventures, or its affiliate, determines at its discretion. Certain Funds have granted investors participating in the initial closings of such Funds lower incentive allocation rates. Adviser Investors generally will not be subject to an incentive allocation (or may be subject to a reduced allocation), at Sands Capital Ventures' or its affiliate's discretion.

Incentive allocations are based on the net realized appreciation of assets held by a Fund. Such performance-based compensation may create an incentive for Sands Capital Ventures to make investment decisions that are riskier or more speculative than would be the case in the absence of a financial incentive based on performance, although Sands Capital Ventures generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the organizational documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

The payment by some, but not all, Funds of an incentive allocation, or the payment of incentive allocations at varying rates (including varying effective rates based on the past performance of a Fund) and/or other terms (e.g., amount, timing, waterfall conditions, etc.) creates an incentive for Sands Capital Ventures to disproportionately allocate time, services, or functions to Funds paying incentive allocations or Funds paying incentive allocations at a higher rate, or allocate investment

opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of Sands Capital Ventures to establish new investment vehicles, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Additionally, Sands Capital Ventures periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund.

Sands Capital Ventures monitors the investments held by the Funds on an ongoing basis and will endeavor to ensure that it is appropriate to continue holding each investment without regard to the potential for performance-based compensation. In addition, each investor bearing an incentive allocation is required to represent that it is a “*qualified client*” within the meaning of Rule 205-3 under the Advisers Act.

Item 7. TYPES OF CLIENTS

Sands Capital Ventures’ clients consist of the Funds. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “*accredited investors*” as defined in Regulation D under the Securities Act, and may include, among others, high net worth individuals, principals or other knowledgeable employees of Sands Capital Ventures and its affiliates, Operations Support Providers (as further defined in *Item 11* below) or other service providers retained by Sands Capital Ventures, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships, limited liability companies, or other entities. Subscription and capital commitment minimums are disclosed in the organizational documents of the Funds and are, at times, waived for certain investors at Sands Capital Ventures’ discretion.

Sands Capital Ventures is also generally permitted to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory, or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the organizational documents of the related Fund.

Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Fundamental, bottom-up, company-focused research is the core of Sands Capital Ventures’ investment process. Sands Capital Ventures uses input from various methods of security analysis and various combinations of methods in rendering investment advisory services. Sands Capital Ventures’ methods of security analysis include general market, specific industry, or individual security technical or trend analysis. Sands Capital Ventures’ investment professionals often conduct on-site visits with senior management of companies it regards as potential investments.

Identification of Investments

Sands Capital Ventures’ principal sources of information include company-prepared and disseminated information, physical inspections of corporate offices, plants, and other assets, discussions with corporate management, research materials prepared by others, scientific and medical

literature, and discussions with consultants, physicians, scientists, or others concerning underlying technology. Sands Capital Ventures uses input from various methods of security analysis and various combinations of analytical methods.

Targeted Investment Characteristics

Sands Capital Ventures focuses its investment research primarily on venture capital, growth equity, and related investments, across stages, from seed through late-stage growth capital, and in some cases, on publicly traded companies. Sands Capital Ventures evaluates businesses in varying stages of development, with a preference for revenue-generating businesses with validated technologies and platforms and with an identifiable path to profitability. Sands Capital Ventures may identify businesses that span various stages of financing, ranging from non-revenue-producing businesses to profitable businesses seeking growth capital.

Sands Capital Ventures identifies investment opportunities in domestic and foreign equity securities, including preferred and convertible stock, common stock of any type, secured or unsecured debt, convertible debt, options, warrants, rights, or such other securities as it deems advisable.

As specified in the organizational documents of certain Funds, Sands Capital Ventures has the flexibility to engage its affiliate, Sands Capital Management, LLC, an SEC-registered investment adviser (“*Sands Capital Management*”), with respect to investments in the publicly traded securities of certain portfolio companies in the respective Fund(s).

Investment Risks

Investing in securities involves risk of loss, which investors must be prepared to bear; investments of the type targeted by Sands Capital Ventures involve a particularly high level of risk, and clients should be able to bear the loss of all or part of their investment. The risk factors listed below represent a limited summary of the various risks presented by the investment opportunities Sands Capital Ventures identifies. Additional risks associated with an investment in a Fund are disclosed in the offering documents of such Fund.

Risk Inherent in Investments. The investments Sands Capital Ventures identifies will involve a high degree of risk. In general, the financial and operating risks confronting these companies are often significant. While targeted returns should reflect the perceived level of risk in any investment situation, there is no assurance that investors will be adequately compensated for risks taken.

Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies often require substantial amounts of financing, which may not be available through institutional private placements or public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage also involve substantial risks. In some instances, companies have previously obtained capital in the form of debt or equity to expand rapidly, reorganize operations, acquire a business, or develop new products and markets. By definition, these activities involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

Additional Capital Requirements of Portfolio Companies. Some of the companies Sands Capital Ventures identifies as investment opportunities, especially those in a development or “platform” phase, require additional financing to satisfy their working capital requirements or acquisition strategies. Following its initial investment in portfolio companies, a Fund is often called upon to provide additional funds to portfolio companies or will have the opportunity to increase its investment in a portfolio company, including the opportunity to participate in the initial public offerings of such portfolio companies, and in the subsequent purchase of publicly traded shares. Although the Fund may make follow-on investments, there is no assurance that the Fund and its co-investors will provide all necessary follow-on capital or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund’s ownership in a portfolio company if a third party or co-investor is permitted to invest. If the funds provided by the Funds are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the Fund. In addition, a Fund may make additional debt and equity investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such company in order to preserve the Fund’s proportionate ownership when a subsequent financing is planned, or to protect the Fund’s investment when such portfolio company’s performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Leveraged Investments. A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. Leverage generally magnifies both such Fund’s opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund’s investments to any deterioration in a company’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund’s investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company’s creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Organizational documents, a Fund will not be obligated to borrow on behalf of a

portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Sands Capital Ventures or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Organizational documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the relevant Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, [certain of] which exclude bridge financing investments.

Investment in Companies Dependent Upon New Scientific Developments and Technologies. Investment opportunities will often involve companies developing new technologies or methods. Companies reliant upon the development of new technologies pose certain risks, including:

- rapidly changing science and technologies;
- products or technologies that may quickly become obsolete;
- exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing regulatory approvals;
- scarcity of management, technical, scientific, research, and marketing personnel with appropriate training;
- the possibility of lawsuits related to patents and intellectual property; and
- changing investor sentiments and preferences with regard to the specific industry sector relevant to the development or technology.

Illiquid Investments. The investments in companies Sands Capital Ventures identifies will primarily be illiquid. Due to the illiquid nature of such investments, Sands Capital Ventures is often unable to predict with confidence what the exit strategy will ultimately be, or that one will become

available. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Illiquidity of Portfolio Investments. For Funds that follow a “fund of funds” approach model by investing in one or more pooled investment vehicles that are managed by sponsors unaffiliated with Sands Capital Ventures (each a “*Portfolio Fund*”), contractual limitations will typically restrict such Funds’ ability to transfer interests in Portfolio Funds without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. Illiquidity may also result from market conditions that may be unfavorable for the sales of securities of particular issuers or issuers in particular industries. In some cases, a Portfolio Fund may also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, the underlying investments of a Portfolio Fund may require a substantial amount of time to liquidate. Consequently, there is a significant risk that Portfolio Funds and portfolio companies will be unable to realize their respective investment objectives by sale or other disposition of their securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies, or political conditions of countries in which portfolio companies are located or conduct their business. In addition, the illiquid nature of portfolio investments may result in the applicable Fund not realizing all investments prior to the expiration of the term of the Fund.

Risk of Loss – Fund of Funds. Funds that follow a “fund of funds” approach are intended for long-term investment by limited partners who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. The possibility of a partial or total loss of capital of such Portfolio Funds exists, and prospective limited partners should not subscribe unless they can readily bear the consequences of such loss. Illiquidity may result from the absence of an established market for portfolio companies of Portfolio Funds, as well as from legal or contractual restrictions on the resale of portfolio investments by the Funds or on the resale of portfolio companies by Portfolio Funds. For example, there may be little, or no near-term cash flow distributed by the Portfolio Funds. Since the amount and timing of such Funds’ cash distributions to investors are dependent in part upon the cash flow that such Funds receive from the Portfolio Funds, such Funds will likely distribute little or no cash in the near term. Even if such Funds portfolio investments prove successful, they are unlikely to produce a realized return to investors in the Funds for a period of years.

Risk of Loss - General. The strategies Sands Capital Ventures employs in the Funds (and the strategies that managers of Portfolio Funds, as relevant, employ) and the financial instruments used to implement those strategies are highly speculative. The strategies may not be successful in meeting their performance objectives, and potential clients and fund investors should not invest with Sands Capital Ventures unless they can bear the risk of a complete loss of their capital. There is no assurance that the strategies will be able to generate returns or that the returns will be commensurate with their inherent risks. The past investment performance of any Funds cannot be taken to guarantee future results of those or any other Funds.

Financial Institution Risk; Distress Events. An investment in the Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders, or other custodians (each, a “Financial Institution”) of some or all of the Fund’s (or any portfolio company’s) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a “Distress Event”). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Sands Capital Ventures, the General Partner, the Fund, or one or more of the Fund’s portfolio companies may be unable to access deposits, borrowing facilities, or other services, either permanently or for an extended, potentially indeterminate, period. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by government-sponsored organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the stated amounts are subject to the risk of a total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose a comparable risk of loss. While in recent years, governmental intervention has resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that such intervention will occur in connection with any future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, delays or negative impacts on banking or brokerage conditions or markets.

Any Distress Event could have a potentially adverse effect on the ability of the General Partner to manage the Fund and its investments, and on the ability of the General Partner, the Fund, and any portfolio company to maintain operations, which, in each case, could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event the Fund is unable 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 the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the General Partner believes reflect the fair value of such investments; and the inability of Sands Capital Ventures, portfolio companies to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution’s services, it is also possible that a Fund or a portfolio company will incur additional expenses or delays, or incur additional expenses, in putting in place alternative arrangements, or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, availability, access to capital or otherwise). To the extent the General Partner is able to exercise contractual remedies under 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, delays, or other negative impacts. The Fund and its portfolio companies are subject to similar risks if a Financial Institution utilized by investors in the Fund or by suppliers, vendors, contractors, service providers, or other counterparties of the Fund or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on the Fund and/or one or more of its portfolio companies.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that the General Partner and/or the Fund maintain all or a set amount or percentage of their respective accounts or assets with that Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the General Partner seeks to do business with Financial Institutions that it believes are established, well-

capitalized and capable of fulfilling their respective obligations to the Fund, the General Partner is under no obligation to use a minimum number of Financial Institutions with respect to the Fund or to maintain account balances at or below the relevant insured amounts, and the rapid collapse in the first quarter of 2023 of several seemingly well-capitalized and established institutions demonstrates that there are limits to the effectiveness of this approach in avoiding counterparty exposure. Under certain circumstances, such as receiving capital contributions pursuant to a capital call or proceeds from a disposition, the Fund will not be able to maintain account balances at or below any relevant insured amounts.

Non-controlling Investments. The Funds are likely to hold non-controlling interests in portfolio companies and, therefore, often have a limited ability to protect their position in such portfolio companies in part due to lack of operational involvement.

Concentration of Investments. The Funds' investment portfolios are not constructed to achieve a specific kind of diversification. While diversification among industries and geographies is a consideration, from time to time, a Fund's portfolio may be heavily concentrated in a single position or a particular industry. Further, there is no limitation on the level of concentration of investments in any geographic region. All such concentration increases the risk of loss to a Fund in the event of a decline in the market value of any security or sector in which a Fund has invested a large percentage of its assets, or in the event of a market disruption in a geographic region in which a Fund has invested a large percentage of its assets.

Russia-Ukraine Conflict. The ongoing military conflict between Russia and Ukraine has caused disruption to global financial systems, trade, and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition, and performance of the Funds or any particular industry, business, or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

Investments Longer than Term. Funds that are structured as closed-end funds may make investments that, due to various reasons, may not be capable of an advantageous disposition prior to the date such Fund is required to be dissolved, either by expiration of the Fund's term or otherwise. Such Fund may be required to sell, distribute in-kind, or otherwise dispose of investments at a disadvantageous time as a result of dissolution. No assurance can be given in any such circumstances that such Fund will have received a return of its invested capital or that such Fund will otherwise be able to exit its investments by sale or other disposition (at attractive prices or at all).

Potential for Unexpected Risks. In researching potential investments, Sands Capital Ventures will in many instances rely on materials created or provided by a company or its affiliates. Such materials are often provided on an “as-is” basis, and Sands Capital Ventures has a limited ability to verify the information they contain. There is no assurance that the information provided to Sands Capital Ventures will fairly represent the business, operations, and financial outlook of a potential investment. As a result, it is often difficult to identify, assess, and quantify with confidence the risks involved in an investment in the company. These unforeseen and unidentified risks could have an adverse effect on the investment.

Market Conditions. During certain periods, the financial sector has experienced an unusually high degree of volatility in the financial markets. Market turbulence may have an adverse effect on the investments we identify. The ability to realize investments depends not only on portfolio companies and their historical results and prospects but also on the political, market, and economic conditions at the time of such realizations. Continued or renewed volatility in the financial sector or the economy generally may have a material adverse effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that Sands Capital Ventures believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

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

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports, and entertainment.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition, and performance of any particular industry or business is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds’ and their portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities,

impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence, and execute new investments and manage, finance, and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal, and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the general partners and Sands Capital Ventures may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices and diminishing their ability to make accurate and timely projections of financial performance.

Equity Securities. The investments Sands Capital Ventures identifies will usually be in equity securities. Investment in equity securities offers the potential for substantial capital appreciation. However, it also involves certain risks, including issuer, industry, market, dilution, and general economic-related risks. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment. Additionally, in some circumstances, a Fund may invest in common stock, which will be junior in a liquidation relative to a portfolio company's debt and preferred stock.

Options and Warrants. In addition to equity securities, in certain circumstances, an investment opportunity may also involve options or warrants.

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium.

Warrants can be more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights, nor do they represent any rights in the assets of the issuing company. Investment in warrants involves certain additional risks, including the possible lack of a liquid market for the resale of the warrants, potential price fluctuations as a result of speculation or other factors, and failure of the price of the underlying security to reach a level at which the warrant can be prudently exercised (in which case the warrant may expire without being exercised, resulting in the loss of the entire investment).

Convertibles. An investment may also involve debt securities, preferred stock, or other securities that may be converted into common or other stock (convertibles). Convertibles typically accrue current income as either interest (debt security) or dividends (preferred stock). A convertible's value usually reflects both the stream of current income payments and the value of the underlying stock. The market value of a convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible usually falls. Since it is convertible into stock, a convertible

generally has the same types of market and issuer risk as the underlying stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risk, credit spread expansion and ultimately default risk. Convertibles are also prone to liquidity risk, as demand can dry up periodically and bid/ask spreads on bonds can widen significantly.

An Issuer may be more likely to fail to make regular payments on a convertible than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the convertible is preferred stock. However, convertibles usually have a claim prior to the issuer's common stock. In addition, for some convertibles, the issuer can choose when to convert to common stock, or can "call" (redeem) the convertible, which may be at times that are disadvantageous.

Convertible securities held by a Fund may automatically be converted to common stock under certain circumstances that will be outside the control of Sands Capital Ventures, including if a percentage of certain shareholders consents to such conversion or the issuer holds its initial public offering. Upon conversion of convertible securities to common stock, a Fund will lose any rights associated with the convertible securities.

Conflicts from Indirect Investments. Ownership interests in portfolio companies may be structured through several SPVs. Certain of the SPVs may have other investors, including investors related to one or more of the members of Sands Capital Ventures or its affiliates. Investments held through SPVs may involve risks not present in direct investments, particularly when an investor participates in the SPV in conjunction with others. For example, a co-participant in an SPV might become bankrupt, or otherwise fail to fund its obligations to the SPV, and it may be difficult or undesirable for the investors to make up the shortfall from other sources in those cases.

Reliance on Portfolio Company Management. The day-to-day operations of a portfolio company are the responsibility of such company's management team. Although Sands Capital Ventures will monitor the performance of portfolio companies and generally will seek to invest in companies operated by capable management, there can be no assurance that an existing management team, or any successor team, will be able to successfully operate a portfolio company in accordance with Sands Capital Ventures' strategy.

Board Participation. Employees of Sands Capital Ventures will serve as directors of some of the Funds' portfolio companies and, as such, will have duties to persons other than the investing Fund. Although holding board positions may be important to a Fund's investment strategy and may enhance the ability of a Fund to manage investments, director seats may also have the effect of impairing a Fund's ability to sell the related securities when, and upon the terms, it may otherwise desire and may subject the investing Fund, its general partner, and Sands Capital Ventures' personnel to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. In general, the Funds will indemnify the general partner, Sands Capital Ventures, and relevant employees from such claims. In addition, it is possible that employees of Sands Capital Ventures may serve as directors of publicly traded companies in a Fund's investment portfolio. It is also possible, in rare circumstances, that employees of Sands Capital Ventures serve as directors of private and/or publicly traded companies not related to the Funds. In the event that an employee serving as a director becomes aware of material, nonpublic information concerning a particular company, the Funds may be prohibited from purchasing or selling securities of such company for periods of time. Such restrictions may have an adverse effect on the value of the investments of the relevant Fund.

Emerging Markets. Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic, and political uncertainty including war; (c) dependence on exports and the corresponding importance of international trade; (d) price fluctuations, less liquidity and smaller capitalization of securities markets; (e) currency exchange rate fluctuations; (f) rates of inflation; (g) controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (h) governmental involvement in and control over the economies; (i) that governments may decide not to continue to support economic reform programs generally and could impose centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less extensive regulation of the securities markets; (l) the settlement period of securities transactions in non-U.S. markets may be longer; (m) less developed laws regarding fiduciary duties of officers and directors, the protection of investors, and the enforcement of contractual obligations; and (n) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. sub-custodians and securities depositories.

Non-U.S. Securities. Investing in securities of non-U.S. companies involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers, and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, and greater price volatility.

Investments in Initial Public Offerings. Funds that invest in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in follow-on 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 investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings 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 prospect of achieving them. These factors may contribute to substantial price volatility for such securities.

Public Company Holdings. A Fund's investment portfolio may contain debt and/or equity securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Sands Capital Venture's principals, and increased costs associated with each of the aforementioned risks.

Special Purpose Acquisition Companies. A Fund may invest in units of, shares of, warrants to purchase stock of, and other interests in special purpose acquisition companies or similar special purpose entities that pool funds to seek potential acquisition opportunities (collectively, "SPACs")

that have announced an intent to acquire a Fund's portfolio company. Because SPACs and similar entities have no operating history or ongoing business other than seeking to complete a business combination with one or more companies, the value of each of their securities is particularly dependent on the ability of the entity's management to identify and complete a successful business combination. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. An investment in a SPAC is subject to a variety of risks, including, among others, that (i) a business combination, if effected, may prove unsuccessful and an investment in the SPAC may lose value; (ii) a Fund may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which it is entitled; (iii) an investment in a SPAC may be diluted in connection with the business combination or by additional financings; (iv) no or only a thinly traded market for shares of or interests in a SPAC may develop, leaving a Fund unable to sell its interest in a SPAC or to sell its interest only at a price below what a Fund believes is the SPAC interest's intrinsic value; and (v) the values of investments in SPACs may be highly volatile and may depreciate significantly over time.

In addition, a Fund may invest in the at-risk capital of a SPAC, which may be in the form of equity interests in such SPAC's sponsor, private placement warrants of the SPAC, units of the SPAC, or shares of the SPAC. An investment in the at-risk capital of a SPAC is subject to complete loss if the SPAC does not complete a business combination. Investments in a SPAC sponsor consist of securities issued on a private placement basis, which are subject to legal and contractual lockups and transfer restrictions and are illiquid. In connection with a business combination, a SPAC sponsor may agree to forfeitures, earn-outs, additional lockups, or other agreements that may have the effect of reducing the value of any such investments.

In connection with any such investments, a Fund may have the ability to appoint one or more persons to the board of any such SPAC. Any such board member may become aware of material, nonpublic information that could impact a Fund's ability to trade in the securities of certain issuers.

Subscription Line. From time to time, a Fund will enter into a subscription line credit facility with one or more lenders in order to finance its operations (including the acquisition of investments). Additionally, from time to time, a Fund will borrow capital from an affiliate of Sands Capital Ventures for the acquisition of investments, or in order to warehouse investments prior to the launch of the relevant Fund. Such fund-level borrowing subjects investors to certain risks and costs. For example, because amounts borrowed under a subscription line will typically be secured by pledges of Sands Capital Ventures' right to call contributions from investors, investors may be obligated to make contributions on an accelerated basis if a Fund fails to repay amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any claim an investor may have against a Fund would likely be subordinate to such Fund's obligations to the lenders providing a subscription line. In addition, a subscription line will result in incremental Fund expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees with respect to the committed but unfunded portion of the facility, an upfront fee for establishing the facility, and other one-time and recurring fees and/or expenses, as well as legal and other fees relating to the establishment, structuring, and negotiation of the terms of the facility, as well as expenses relating to maintaining, renegotiating, or terminating the facility.

Due to the fact that a subscription line's interest rate is typically based in part on the creditworthiness of a Fund's investors and the terms of the related fund documents, the interest rate in respect of any subscription line into which a Fund enters may be higher than the interest rate an

investor could obtain individually. To the extent a particular investor's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns (even if it increases such Fund's reported net returns using certain methods of calculation). Conflicts of interest have the potential to arise, in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of Sands Capital Ventures and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the organizational documents. Conflicts of interest also have the potential to arise to the extent that, although unlikely, a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds). To the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities. A credit agreement frequently will contain other terms that restrict the activities of a Fund and the investors or impose additional obligations on them. In addition, in order to secure a subscription line, Sands Capital Ventures may request certain financial information and other documentation from investors to share with lenders. Sands Capital Ventures will have significant discretion in negotiating the terms of any subscription line in relation to a Fund and may agree to terms that may not be favorable to one or more investors (as opposed to the Fund as a whole).

Fund-level borrowing also involves a number of additional risks. For example, drawing on a subscription line may allow Sands Capital Ventures to fund investments and pay Fund expenses without requiring investors to make contributions, potentially for extended periods of time. If Sands Capital Ventures then draws down a relatively large proportion of commitments at once (or over a short period of time) in order to repay the amount outstanding under a subscription line, this could cause short-term liquidity concerns for investors (which may not have arisen had Sands Capital Ventures drawn down smaller amounts incrementally). This risk may be heightened with respect to investors that have made commitments to other investment funds which employ similar borrowing strategies or investors that hold other leveraged assets in their investment portfolios. In such circumstances, a single market event could result in multiple simultaneous drawdowns from such investors, requiring them to meet the accumulated, larger capital calls over a short period of time.

Foreign Currency and Exchange Rate Risks. A Fund's assets and income may be denominated in various currencies. Contributions and distributions, however, are denominated in U.S. dollars. As a result, the return of a Fund on any investment may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of local currencies, inflationary pressures, and the success of the investment itself. In addition, a Fund may incur costs in connection with conversions between various currencies.

Foreign Tax Risk. While the Funds typically attempt to structure their investments to minimize taxes in non-U.S. jurisdictions, there is no guarantee that such efforts will be successful, and, as such, the Funds may be subject to non-U.S. withholding or other taxes, duties, or levies. In addition, there may be changes in tax laws in the U.S. or in non-U.S. jurisdictions, or interpretations of such tax laws,

adverse to the Funds. There can be no assurance that the structure of the Funds or of any investment will be tax efficient.

Valuation of Assets. There is no actively traded market for many of the securities owned by the Funds. When estimating fair value for such securities, Sands Capital Ventures will apply a methodology based on its best judgment that is appropriate in light of the nature, facts, and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Sands Capital Ventures. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information is often not available regarding certain of a Fund's assets or, if available, may not be relied upon. With respect to the Funds, the exercise of discretion in valuation by Sands Capital Ventures will give rise to conflicts of interest, as the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

Cybersecurity Risk. Sands Capital Ventures, the Funds' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of Sands Capital Ventures and the Funds' service providers to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties have attempted to improperly access, modify, disrupt the operations of, or prevent access to these systems of Sands Capital Ventures, the Funds' service providers, counterparties, or data within these systems. Third parties have attempted to fraudulently induce employees, customers, third-party service providers or other users of the Sands Capital Ventures' systems to disclose sensitive information in order to gain access to Sands Capital Ventures' data or that of the Funds' investors. A successful penetration or circumvention of the security of the Sands Capital Ventures' systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Sands Capital Ventures, the general partners, and/or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss, and the risks of attack are expected to be heightened in remote work environments.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have materially adverse consequences for such companies, and may cause the Funds' investments to lose value.

Risks Relating to Investment in and Disposition of Portfolio Companies. For Funds following the "fund of funds" approach, in connection with an investment in a portfolio company of a Portfolio Fund, the Fund or a Portfolio Fund may assume, or acquire a portfolio company subject to contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness, among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if the Fund or a Portfolio Fund has assumed or guaranteed these liabilities, the

obligation would be payable from the assets of the Fund or Portfolio Fund, including the remaining commitments of investors in the Fund or investors in the Portfolio Fund.

In connection with the disposition of an investment in a portfolio company of a Portfolio Fund, the Fund or a Portfolio Fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of any business. The Fund may also be required to indemnify the purchasers of such investment in such portfolio company to the extent that any such representations or warranties turn out to be inaccurate or misleading. These arrangements may result in liabilities for the Fund directly or indirectly through the Portfolio Fund, depending upon recontribution obligations owed to the Portfolio Fund.

Commitments to Underlying Funds in Excess of Capital Commitments to the Fund. For Funds following the “fund of funds” approach, such Funds may make commitments to Portfolio Funds in excess of the total capital committed to such Funds. As a result, in certain circumstances, such a Fund may need to retain distributions from, or proceeds from the disposition of an interest in, a Portfolio Fund, or recall distributions previously made to investors of the Fund, borrow funds or, if necessary, liquidate some or all of its portfolio investments, including prematurely at potentially significant discounts to market value, if such Fund does not generate sufficient cash flow from its portfolio investments in order to satisfy such Fund’s obligations in respect of these commitments.

CFIUS and National Security Clearance Considerations. Certain investments are expected to be subject to, or require review and approval by, the U.S. Committee on Foreign Investment in the United States (“CFIUS”), such as where CFIUS-related laws, regulations, or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to acquire a U.S. business (including a business with assets, employees, facilities, and/or operations in the U.S.). CFIUS has the authority to review proposed or existing transactions or investments and to seek to impose limitations on or prohibit investments. CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty, and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund’s performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the organizational documents, the relevant general partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners’ ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

U.S. Taxation of Carried Interest. U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership’s income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the

after-tax returns of individuals associated with a Fund, its general partner, or Sands Capital Ventures who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant general partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Sands Capital Ventures to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

LIBOR and other Benchmark Rates. To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("LIBOR") or other benchmark or reference rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Secondaries and other GP-Led Transactions. There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Sands Capital Ventures following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Sands Capital Ventures believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by the Sands Capital Ventures and its affiliates). However, certain of such transactions are expected to require a limited partner to invest additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio company, and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant general partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Sands Capital Ventures or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Sands Capital Ventures or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Sands Capital Ventures, the relevant general partner and any buyer group

relating to the valuation and consideration offered for the investment(s) subject to the transaction. Further, the relevant general partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Sands Capital Ventures reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Sands Capital Ventures will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Sands Capital Ventures reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant organizational documents.

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

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

Item 9. DISCIPLINARY HISTORY

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of their advisory business or the integrity of their management. Sands Capital Ventures has no such events and, therefore no information to disclose pursuant to this item.

Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Sands Capital Ventures has entered into a services agreement with its affiliate, Sands Capital Management, pursuant to which Sands Capital Management is providing the personnel and resources to conduct Sands Capital Ventures' business, and Sands Capital Management and Sands Capital Ventures share certain executive officers. Certain investors doing business with Sands Capital Management are investors in the Funds or investment vehicles operated by Sands Capital Ventures, and vice versa. Sands Capital Ventures and Sands Capital Management refer potential investors to each other from time to time. Sands Capital Management and its affiliates and their officers and employees invest, and may in the future invest, in the Funds or on a side-by-side basis through separate investment vehicles, and, subject to the organizational documents of the Funds, invest, and may in the future invest, in opportunities that are not presented to the Funds or their investors. Sands Capital Ventures invests, and may in the future invest, in companies in which Sands Capital Management or its affiliates or their officers and employees have interests. In the event the securities issued by a portfolio company in which Sands Capital Ventures' clients, officers, employees, or affiliates have indirectly invested become listed on a national securities exchange, Sands Capital Management may invest, and has invested, in such securities for its client accounts. For a description of potential material conflicts of interest created by the relationship between Sands Capital Ventures and its related persons, as well as a description of how such potential conflicts are addressed, please see *Item 11* below.

Item 11. CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Personal Trading

Sands Capital Ventures has adopted a code of ethics in compliance with the Advisers Act that is applicable to all of its members, principals, employees, and other personnel, as well as principals, employees, and other personnel of its affiliates and certain independent contractors. The code of ethics is designed to comply with Rule 204A-1 under the Advisers Act and is based on the principle that Sands Capital Ventures and its personnel owe a fiduciary duty to Sands Capital Ventures' clients. The code of ethics establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. The code of ethics helps Sands Capital Ventures detect and prevent potential conflicts of interest.

Sands Capital Ventures' code of ethics permits Sands Capital Ventures personnel to trade in certain securities for their own accounts, *provided* that they comply with the restrictions imposed by the code. Under the code, personal securities transactions are limited to certain types of securities and certain issuers and must receive approval before a transaction can be initiated. The code also requires periodic reporting of personal securities transactions and holdings. Each calendar quarter, Sands Capital Ventures personnel are required to provide copies of all transactions in reportable securities to Sands Capital Ventures' or its affiliate's Chief Compliance Officer (or his or her delegate).

Principals, employees, or other personnel who violate the code of ethics will be subject to such sanctions as deemed necessary and appropriate under the circumstances. The range of sanctions include, but are not limited to, written warning or reprimand, cancellation of trades, disgorgement of profits or sale of positions at a loss, restriction on trading privileges, fines, suspension of employment without pay, termination of employment and/or referral to regulatory or law enforcement authorities. Principals, employees, and other personnel are also required to promptly report any violations of the code of ethics of which they become aware and certify annually to compliance with the code of ethics.

Investors in the Funds may request a copy of the Sands Capital Ventures' code of ethics by contacting the Chief Compliance Officer, writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209, or emailing ComplianceTeam@sandscap.com.

Material, Nonpublic Information. As a result of the extensive operations of Sands Capital Ventures and its affiliates, Sands Capital Ventures and its personnel at times come into possession of material, nonpublic information through a number of means, including as a result of sitting on or serving as an observer to the board of directors of a company whose securities are held by a Fund. Sands Capital Ventures has adopted policies addressing the handling and protection of material, nonpublic information. In accordance with these policies, Sands Capital Ventures and its personnel will be prohibited from using material, nonpublic information to buy or sell securities until the information has been disclosed to the public or is no longer material and such information is not subject to any contractual restrictions on its use and disclosure. This may cause Sands Capital Ventures to be unable to dispose of or otherwise take action with respect to an investment at a given time (including making an investment that otherwise might have been made or selling an investment that otherwise might have been sold), even if the action were in the best interests of applicable Funds. Additionally, there may be circumstances in which one or more individuals associated with Sands Capital Ventures or its affiliates will be precluded from providing services to Sands Capital Ventures or the Funds because of certain confidential information available to those individuals or to Sands Capital Ventures or its affiliates, which could have an adverse effect on the Funds.

Restricted List. In certain circumstances, Sands Capital Ventures or its affiliate may conclude that a particular security should be placed on a “*restricted list*” or “*blackout list*.” While a security is on this list, purchases, sales, or other transactions in the security must be pre-cleared with Sands Capital Ventures' or its affiliate's Chief Compliance Officer (or his or her delegate). The reasons for placing a security on the restricted list include, but are not limited to, (i) preventing the appearance of impropriety in connection with a trading decision, and (ii) preventing the misuse, or appearance of the misuse, of material, nonpublic information.

Participation or Interest in Client Transactions

From time to time, Sands Capital Ventures or its affiliates, principals, or employees will purchase, hold or sell securities that are recommended to clients. In particular, this will be the case where Sands Capital Ventures or its affiliates, principals, or employees invest in a Fund managed by Sands Capital Ventures or its affiliates and receive a distribution of securities from such a vehicle. The purchase and sale of securities that are recommended to clients by Sands Capital Ventures or its affiliates, principals or employees are subject to the policies and procedures set forth in Sands Capital Ventures' code of ethics.

Sands Capital Ventures' related persons have invested, and will likely invest in the future, in a Fund alongside other investors as direct investors in the Funds or in investment opportunities on a side-by-side basis with a Fund. A Fund, or its general partner, as applicable, has in the past and will likely in the future reduce all or a portion of the Management Fee and incentive allocation related to investments held by such persons. Related persons who invest in a Fund will receive distributions in respect of their pro rata interest at the same time as other investors, and their interest will be subject to the same limitations on withdrawal pursuant to the Fund's organizational documents. Related persons who invest alongside a Fund will make their respective investments contemporaneously with

the Fund's investment, on the same terms and conditions as the Fund, and will dispose of each such investment at substantially the same time and terms as the Fund.

Conflicts of Interest

Sands Capital Ventures and its affiliates (including Sands Capital Management) engage in a broad range of activities, including investment activities for their own accounts and for the accounts of other investment funds, and provide transaction-related, investment advisory, management, and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time conflict with the interests of Sands Capital Ventures, other Funds, or their respective affiliates.

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts of interest that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and in the offering documents of each Fund, and the brochure and such offering documents should be read in its entirety for other conflicts

Resolution of Conflicts

In the case of all conflicts of interest, Sands Capital Ventures' determination as to which factors are relevant, and the resolution of such conflicts, will be made using Sands Capital Ventures' best judgment, but in its sole discretion. In resolving conflicts, Sands Capital Ventures will consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- a Fund will not make an investment unless Sands Capital Ventures believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- many important conflicts of interest will generally be resolved by set procedures, restrictions, or other provisions contained in the organizational documents for the Funds;
- generally, each Fund has the right to establish an advisory committee, consisting of representatives of investors not affiliated with Sands Capital Ventures. The advisory committees, if established, would meet as required to consult with Sands Capital Ventures as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, Sands Capital Ventures will be guided by its good faith discretion; for some Funds, Sands Capital Ventures has the right to refer certain conflicted transactions, including principal transactions, to an "*independent representative*" whose determinations will be binding on the Funds;
- where Sands Capital Ventures deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;

- prior to subscribing to interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- Sands Capital Ventures and certain of its affiliates have adopted written policies establishing information “walls” designed to guard against unlawful and inappropriate disclosure of material, nonpublic information among Sands Capital Ventures and its affiliates.

Valuation

Sands Capital Ventures will typically be responsible for determining the value of investments. To do so, Sands Capital Ventures has adopted a valuation policy, which may be updated from time to time in the sole discretion of Sands Capital Ventures. Many of the securities owned by the Funds will not be publicly traded, and there exists no actively traded market for such securities. For such securities, there will be no reliable market quotations on which to determine valuation. The process of valuing these securities is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had an active market and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may sometimes not be available but regardless, will generally not be used when valuing such assets. Further, Sands Capital Ventures has discretion as to which methodology(ies) to use when valuing such assets, and choice of valuation methodology(ies) could have a material impact on the valuation. The valuations of investments may impact the amount of management fees or incentive allocation Sands Capital Ventures or its affiliates will receive. Further, valuations of investments may be provided to potential investors in connection with the fundraising for a Fund. In such cases, Sands Capital Ventures will have an incentive to adopt valuation methodologies that will result in higher valuations.

Allocation of Investment Opportunities Among Clients

Sands Capital Ventures and its affiliates manage a number of funds (including Funds) with investment strategies substantially similar to, overlapping, or different from, each other. In addition, Sands Capital Ventures expects that it, its affiliates, and its personnel will in the future establish one or more additional investment funds and/or accounts with investment strategies substantially similar to, overlapping, or different from, that of their existing funds (including the Funds). Sands Capital Ventures may give advice or take actions with respect to the investments of a Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives, or strategies. As a result, a Fund will not hold the same securities or achieve the same performance as other Funds with similar strategies. Allocation of available investment opportunities between a Fund and another Fund could give rise to conflicts of interest. Further, Sands Capital Ventures and its principals, employees, and affiliates often invest in Funds. Such interests will vary by Fund, and the existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities are offered to the Fund. Sands Capital Ventures must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- the Funds;
- co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in

such co-investment vehicles may include Adviser Investors and/or individuals and entities that are not investors in any Funds (collectively, “*Third Parties*”);

- Adviser Investors and/or Third Parties, including Adviser Investors and/or Third Parties that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s) or who are acting as “co-sponsors” with Sands Capital Ventures with respect to a particular transaction; and
- Affiliates of Sands Capital Ventures, including Sands Capital Management, and their clients.

Sands Capital Ventures’ discretion in providing access to investments could result in a conflict of interest, as Sands Capital Ventures may have an incentive to allocate the most promising investments to Adviser Investors or Third Parties it believes could provide Sands Capital Ventures or its affiliates with some strategic benefit. Sands Capital Ventures believes, however, that this potential conflict will not be of significance because the organizational documents of the Funds specify any restrictions and procedures relating to the allocation of investment opportunities, and Sands Capital Ventures will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “*Investment Allocation Requirements*”), which also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are generally set forth in the instrument under which the Fund was established (such as a Fund’s organizational documents). To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures or otherwise allow Sands Capital Ventures discretion in making allocation decisions among the Funds, Sands Capital Ventures will follow the process set forth below.

Sands Capital Ventures must first determine which Funds will participate in an investment opportunity. Sands Capital Ventures assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund’s investment objectives, strategies, and structure. A Fund’s investment objectives, strategies, and structure typically are reflected in the Fund’s organizational documents. Prior to making any allocation to a Fund of an investment opportunity, Sands Capital Ventures determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund. Possible restrictions and limitations include, but are not limited to:

- Sands Capital Ventures may be required to offer an investment opportunity to one or more Funds, and such a requirement will generally be set forth in a Fund’s organizational documents;
- Sands Capital Ventures may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds;
- Sands Capital Ventures may determine that certain Funds should be excluded from an allocation for portfolio construction purposes, because of capital constraints or to mitigate certain risks, such as risks related to industry, geography, or growth-stage concentration; and

- Sands Capital Ventures may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory, or contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Sands Capital Ventures, at its discretion, determines which Funds will participate in a particular investment and decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, Sands Capital Ventures may consider some or all of a wide range of factors, which include, but are not necessarily limited to the following:

- each Fund's investment objectives and investment focus;
- structural and operational differences between Funds;
- any "ramp-up" period;
- transaction sourcing;
- each Fund's liquidity and reserves;
- each Fund's diversification, including based on the industry, geography, or growth stage of the company;
- amount of capital available for investment by each Fund;
- geography and nature of the portfolio company's business;
- each Fund's ability to scale the investment;
- each Fund's targeted rate of return;
- stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- size, liquidity and duration of an investment;
- portfolio construction objectives;
- composition of each Fund's portfolio;
- the suitability as a follow-on investment for a current portfolio company of a Fund;
- ability to participate in future financings;
- supply or demand of an investment opportunity at a given price level;
- the seniority of an investment and other capital structuring criteria;
- the centrality of an investment to an investment strategy;
- the use of leverage in the proposed capital structure;
- the availability of other suitable investments for each Fund;
- risk profile;
- cash flow considerations;

- asset class restrictions;
- industry and other allocation targets;
- minimum and maximum investment size requirements;
- tax considerations;
- legal, contractual, or regulatory constraints
- whether an investment opportunity requires additional consents or authorizations
- qualification for certain programmatic benefits or discounts that are not readily available to other Funds (including the ability to enter into credit arrangements with certain financial or governmental institutions); and
- any other relevant limitations imposed by, or conditions set forth in the organizational documents of each Fund.

In other circumstances, during the period that a portfolio company is owned by a Fund, it could acquire size, revenue or other characteristics that would make it a suitable investment for one or more other Funds.

Additionally, investments sourced by an affiliate of Sands Capital Ventures (such as Sands Capital Management) that are appropriate for one or more clients advised by such affiliate may first be made available to one or more of such clients. Further, allocations of initial public offerings, follow-on public offerings, and secondary market block trades of public securities are often made to the Sands Capital Ventures and its affiliates as a group and not to Sands capital Ventures or a Fund specifically. The current policy of Sands Capital Ventures and its affiliates, including Sands Capital Management (which policy is subject to change at their discretion), is to allocate such offerings and trades on a client-by-client basis based on the relative assets under management. Unless stated in the Fund's offering documents, participation in an initial public offering is not guaranteed to any Fund, including in the event other Funds or investment strategies participate.

In order to develop industry relationships for the intended benefit of the Funds and Sands Capital Ventures, Sands Capital Ventures has historically and will continue to maintain proprietary accounts that invest primarily in equity securities. The Funds are provided an opportunity to invest in a company prior to an investment by Sands Capital Ventures' proprietary accounts, and if a Fund invests or intends to invest in the company, the proprietary account will not invest. Investments made by the proprietary account may align with the mandates of the strategy of one or more Fund(s) when Sands Capital Ventures has determined they are not appropriate for investment by the Fund(s) for other reasons. Sands Capital Ventures does not expect to share information regarding such investments with investors in the Funds.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense, and compensation structures, Sands Capital Ventures has an incentive to allocate investment opportunities to the Fund from which Sands Capital Ventures or its related persons derive, directly or indirectly, higher fees, compensation, or other benefits. Notwithstanding the foregoing, Sands Capital Ventures seeks to not systematically disadvantage the Funds, and Sands Capital Ventures will not allocate investment opportunities based, in whole or in part, on (i) the relative

fee structure or amount of fees paid by the Funds; (ii) the profitability of the Funds; or (iii) the investors in the Funds. Sands Capital Ventures makes allocation determinations based solely on its expectations at the time such investments are made, however investments and their characteristics may change, and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

Subject to the requirements of the code of ethics, Sands Capital Ventures and its principals, employees, and other affiliates, either directly or through investment vehicles, often invest in certain of the Funds. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Sands Capital Ventures has entered into, and expects to continue to enter from time to time, informal or formal arrangements or strategic relationships (each, a “*Strategic Relationship*”) with investors in a Fund, third parties, including other asset managers, financial firms, or other businesses or persons, which, among other things, provides for referral, sourcing, or sharing of investment opportunities, or information. Sands Capital Ventures may provide compensation or reimbursement for certain expenses incurred as part of such arrangements, including diligence expenses and administrative, deal sourcing and other related expenses.

A Strategic Relationship often involves an investor agreeing to make a significant capital commitment to one or more Funds (including co-investment vehicles) and such Strategic Relationship may be a formal or informal arrangement. Investors will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a side letter) and will be unable to elect any such rights or benefits afforded through a Strategic Relationship. Specific examples of such additional rights and benefits include, among others, (in addition to one or more of the rights listed above) specialized reporting, discounts on or reimbursement of management fees, carried interest, targeted amounts for co-investments alongside Sands Capital Ventures vehicles.

Such additional rights and benefits in certain cases extend to the affiliates of investors that have entered into a Strategic Relationship, which includes investment vehicles or other accounts that such investors sponsor and/or advise. While it is possible that a Fund will, along with Sands Capital Ventures itself, benefit from the existence of those arrangements and/or relationships, Sands Capital Ventures, its affiliates and their employees may indirectly receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from such Fund to, or source investment opportunities, for Strategic Relationships. Strategic Relationships may therefore result in fewer investment opportunities (or reduced allocations) being made available to a Fund.

Allocation of Co-Investment Opportunities and Secondary Transactions

Sands Capital Ventures will determine if the amount of an investment opportunity exceeds the amount Sands Capital Ventures determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to Sands Capital Ventures and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by Sands Capital Ventures to be in the best interest of the applicable

Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' organizational documents and as set forth in the following paragraphs.

Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Sands Capital Ventures expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's organizational documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition as discussed below.

Subject to any written agreements to the contrary between an investor in a Fund and Sands Capital Ventures or its affiliates, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made at the sole discretion of Sands Capital Ventures or its related persons or other participants in the applicable transaction (such as co-sponsors), (iii) co-investment opportunities may be offered to some and not other current or prospective investors in the Funds (or one or more investors in some Funds but not investors in other Funds), at the sole discretion of Sands Capital Ventures or its related persons, and current or prospective investors may be offered a smaller amount of co-investment opportunities than originally requested and a current or prospective investor in a Fund may be offered fewer co-investment opportunities than other current or prospective investors in the Fund, with the same, larger or smaller capital commitments to the Fund, (iv) from time to time, certain persons other than current or prospective investors in the Funds (*e.g.*, consultants, joint venture partners, persons associated with a portfolio company and other third parties, including persons who Sands Capital Ventures believes will provide a benefit to the Fund and/or one or more portfolio companies, or who provides a strategic sourcing or similar benefit to Sands Capital Ventures and their respective affiliates, due to industry or regulatory expertise or otherwise), will likely be offered co-investment opportunities, at the sole discretion of Sands Capital Ventures or its related persons, and (v) co-investors will generally purchase their interests in a portfolio company at the same time as the Funds but may, on occasion, purchase their interests from the applicable Fund(s) after such Fund(s) have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (*e.g.*, timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgments of interest in co-investment opportunities are not Investment Allocation Requirements and do not require Sands Capital Ventures to notify the recipients of such acknowledgments if there is a co-investment opportunity. However, Sands Capital Ventures from time to time agrees to give particular current or prospective investors in a Fund, certain Funds, or other third parties, priority access to co-investment opportunities. The existence of such priority or other contractual co-investment access rights could affect Sands Capital Ventures' decision to offer certain opportunities for co-investment and could limit the ability of current or prospective investors in the Funds to be offered certain co-investment opportunities.

Each co-investment opportunity (should any exist) is likely to be different, and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (*e.g.*, timing, industry, size, geography, asset class, projected holding period, exit strategy, and counterparty). In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the potential co-investors, Sands Capital Ventures may consider some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following:

- Sands Capital Ventures' evaluation of the size and financial resources of the potential co-investor and Sands Capital Ventures' perception of the ability of that potential co-investor (in terms of, for example, staffing, expertise, and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- any confidentiality concerns Sands Capital Ventures has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investor to evaluate the investment opportunity;
- whether a potential co-investor has a history of participating in opportunities and Sands Capital Ventures' perception of its past experiences and relationships with the potential co-investor, such as the willingness or ability of the potential co-investor to respond promptly and/or affirmatively to potential investment opportunities previously offered by Sands Capital Ventures and the expected amount of negotiations required in connection with a potential co-investor's commitment;
- the character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- level of demand for participation in such co-investment opportunity;
- the ability of a potential co-investor to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investor and the potential co-investor's chemistry with the management team of the potential portfolio company and whether the potential co-investor has any existing positions in the portfolio company;
- the extent to which a potential co-investor has been provided a greater amount of co-investment opportunities relative to others;
- whether the potential co-investor would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investor would be willing to defer to Sands Capital Ventures or its affiliates and assume a passive role in governing a portfolio company);
- any interests a potential co-investor has in any competitors of the portfolio company;
- Sands Capital Ventures' perception of whether the investment opportunity may subject the potential co-investor to legal, regulatory, reporting, public relations, media

or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;

- Sands Capital Ventures' evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- Sands Capital Ventures' evaluation of whether the profile or characteristics of the potential co-investor may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- whether Sands Capital Ventures believes, at its sole discretion, that allocating investment opportunities to a potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing, or similar benefits) to current or future Funds, Sands Capital Ventures and/or its affiliates and whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds, Sands Capital Ventures and/or its affiliates.

The factors above are not listed in order of importance or priority, and Sands Capital Ventures is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. Sands Capital Ventures' exercise of its discretion in allocating investment opportunities among current or prospective investors in the Funds, affiliates of Sands Capital Ventures, and third parties, often will not result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, Sands Capital Ventures may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons (including, for example, whether Sands Capital Ventures and/or its affiliates are entitled, under arrangements made with certain potential co-investment parties, to additional advisory fees and/or carried interest based on the availability of co-investment opportunities offered to such parties). While Sands Capital Ventures determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but at its sole discretion, there can be no assurance that the actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Sands Capital Ventures may be subject, discussed herein, did not exist.

The appropriate allocation among co-investors and the Funds of expenses and fees generated in the course of evaluating and making investments often may not be clear. For instance, if an investment is not consummated, allocation of the expenses generated for the account of such co-investors (such as expenses of common counsel and other professionals) will be made in Sands Capital Ventures' good faith, considering all factors it deems relevant, but, ultimately, the decision will be made at Sands Capital Ventures' sole discretion. In the event that an investment that Sands Capital

Ventures was pursuing on behalf of a Fund is not consummated, it is expected that the Fund, and not any potential co-investors, will bear the associated expenses even if such co-investors had committed to making the investment.

In the event that an investment that Sands Capital Ventures was pursuing on behalf of more than one Fund is not consummated, it is expected that the relevant Funds, and not any potential co-investors, will bear the associated expenses.

In the event Sands Capital Ventures determines to offer an investment opportunity to co-investors, there can be no assurance that Sands Capital Ventures will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the relevant Fund, or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial, and the relevant Fund bears the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. As a consequence, the relevant Fund may bear the entire portion of any fees, costs, and expenses related to such investment, including, but not limited to, broken deal expenses, and hold a larger than expected portion of such investment. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce the relevant Fund's overall investment returns. Further, it is possible that a potential co-investment party may experience financial, legal, or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual, or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from Sands Capital Ventures as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that Sands Capital Ventures is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the relevant Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended and would bear the entire portion of any fees, costs and expenses related to such investment, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce the relevant Fund's overall investment returns. Therefore, it is possible that the Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

The Funds may sell down interests in their portfolio companies to co-investors. Sands Capital Ventures reserves the right to charge (or could decide not to charge) a co-investor interest costs for the time period between the closing of the relevant Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

In addition, to the extent Sands Capital Ventures has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's organizational documents or is asked to identify potential purchasers in a secondary transfer, Sands Capital Ventures will do so at its sole discretion, generally taking into account the following factors:

- Sands Capital Ventures' evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;

- Sands Capital Ventures' perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or Sands Capital Ventures;
- whether the potential purchaser would subject Sands Capital Ventures, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media, or other burdens;
- a potential purchaser's investment into another Fund (including any commitment into a future Fund);
- requirements in such Fund's organizational documents; and
- such other facts as it deems appropriate under the circumstances in exercising such discretion.

A purchaser's potential investment into another Fund (including any commitment to a future Fund) may be considered but will not be the sole determining factor considered by Sands Capital Ventures in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

Conflicts Related to Purchases and Sales

As described in *Item 10*, certain of Sands Capital Ventures' investment adviser affiliates (including Sands Capital Management), have their own clients. Although these affiliates focus primarily on different investment strategies than Sands Capital Ventures, clients of Sands Capital Ventures and these affiliates have in the past and may in the future invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Investment opportunities may, from time to time, be appropriate for Funds and for clients of an affiliate at the same and/or at different or overlapping levels of a portfolio company's capital structure. For instance, in the event the securities issued by a portfolio company in which a Fund has invested becomes listed on a national securities exchange, Sands Capital Management may invest, and has invested, in such securities for its client accounts. In such instances, Sands Capital Management will generally continue its trading activities without reference to positions held by a Fund. Such trading activities may therefore have an adverse effect on the value of the positions held by the Fund, or may result in such affiliates having interests adverse to those of the Fund.

Sands Capital Management (and its clients) are not prohibited from purchasing or selling securities of or otherwise investing in, or financing issuers in which a Fund has an interest. Conversely, the Funds managed by Sands Capital Ventures are not prohibited from purchasing or selling securities of, or otherwise investing in, or financing issuers in which clients of Sands Capital Management have an interest. Conflicts arise in determining the terms of investments, especially where a Fund holds equity senior to the equity held by the client of Sands Capital Management or another Fund. Additionally, investments by the Fund in transactions controlled by another Fund or a client of an affiliate may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable to the Fund if it were investing without such other Fund or client of an affiliate. As another example, if another Fund or client of an affiliate is investing in debt

securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants, acceleration rights and events of default) that are more restrictive than the Fund, as an equity owner, may desire. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals, and other interests with respect to a portfolio company.

There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Further conflicts may arise once the Fund has made an investment in a company in which another Fund or client of an affiliate (including Sands Capital Management) has also invested. For example, questions arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest. Sands Capital Ventures may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Fund may or may not provide such additional capital, and if provided, the Fund will supply such additional capital in such amounts, if any, as determined by Sands Capital Ventures and its affiliates responsible for making such decision at their sole discretion. In the event that one Fund is unable to fund its share of additional capital (*e.g.*, in the event such Fund does not have sufficient available capital), the other Fund or Funds may be obligated to fund more than its share of such amount. In such an event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing.

In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of Sands Capital Ventures or its affiliates in a portfolio company will also raise the risk of using assets of a client of Sands Capital Ventures or its affiliates to support positions taken by other clients of Sands Capital Ventures or its affiliates. Sands Capital Ventures and its affiliates will resolve all such conflicts using their best judgment but at their sole discretion.

A Fund has made, and in the future may make, investments in companies or other entities in which employees of Sands Capital Ventures or its affiliates, including members of the investment team (and members of the investment team of Sands Capital Ventures), have a direct or indirect ownership interest. In addition, employees of Sands Capital Ventures or its affiliates, including members of the investment team, may make a direct or indirect investment in a company in which a Sands Capital Ventures client holds an investment. In such cases, there would be an inherent conflict of interest. Employees and related persons of Sands Capital Ventures and its affiliates have made or may make large capital investments in or alongside certain Funds or clients of Sands Capital Ventures' affiliates, and therefore may have additional conflicting interests in connection with these joint investments.

Sands Capital Ventures will not always be able to cause Funds to make all investments on a *pari passu* basis and in the same security because in some cases this may not be possible, or Sands

Capital Ventures may determine that an investment in a junior, senior or different security is more appropriate.

A Fund will not be required to divest of investments at the same time or on the same terms as other Funds and it is not anticipated that a Fund will generally divest of Investments at the same time as the clients of Sands Capital Management. Sands Capital Ventures also reserves the right to make independent decisions regarding recommendations of when a Fund should purchase and sell investments, and Sands Capital Ventures' affiliates reserve similar rights with respect to the funds that they advise. As a result, the Funds may purchase an investment at a time when another Fund is selling the same or similar investment, or vice versa.

Sands Capital Ventures may cause a Fund to invest in opportunities that another Fund has declined, and likewise, a Fund may decline to invest in opportunities in which other Funds or clients of Sands Capital Management have invested. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation, and due diligence undertaken by Sands Capital Ventures on behalf of the original Fund considering the investment. In such circumstances, the benefitting Fund will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

From time to time, Sands Capital Ventures will, at its discretion, enter into transactions with a client of an affiliate (including Sands Capital Management), or investors in one or more Funds or in a client of an affiliate, to dispose of or sell down all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, Sands Capital Ventures will consider some or all of the factors listed above under "*Allocation of Co-Investment Opportunities and Secondary Transactions*". The sales price for such transactions will be mutually agreed to by Sands Capital Ventures, such purchaser(s), and an affiliate of Sands Capital Ventures, if applicable; however, determinations of sales prices involve a significant degree of judgment by Sands Capital Ventures. Sands Capital Ventures is not obligated to solicit competitive bids for such sales transactions or to seek the highest available price, which means Sands Capital Ventures may not obtain the highest price for the transaction. Furthermore, Sands Capital Ventures may charge (or may decide not to charge) a purchasing party interest costs for the time period between the closing of the applicable investment and the date of the transfer of interests to the applicable purchasing party. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the organizational documents of the applicable Fund(s).

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to applicable organizational documents, Sands Capital Ventures may charge (or may decide not to charge) a co-investor (such as a Fund investor or Third Party) interest costs for the period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

A Fund may become a potential purchaser for a portfolio company (or a portion thereof) held by a client managed by an affiliate. In such circumstances, the interests of Sands Capital Ventures' clients would therefore conflict with the interests of the clients of these affiliates. In general, Sands Capital Ventures and each affiliate of Sands Capital Ventures responsible for making such investment

decisions will participate in the resolution of all such matters using their best judgment, considering all factors it deems relevant, but at their sole discretion.

The Funds may also co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal, or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Cross-Transactions

In certain cases, Sands Capital Ventures may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions could arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Certain of such transactions create potential conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or Sands Capital Ventures might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund (or vice versa) in order, for example, to earn fees. Determining the valuation or other terms of such transactions may also create a conflict of interest due to Sands Capital Ventures' consideration of the particular terms (including the fee terms). Additionally, in connection with such transactions, Sands Capital Ventures, its affiliates, and/or their professionals may (i) have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). Sands Capital Ventures and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction and generally are entitled to share in the investment profits of the relevant Funds. These conflicts are heightened to the extent relevant securities are illiquid or do not have a readily ascertainable value, and there can generally be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Sands Capital Ventures intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Sands Capital Ventures will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and Sands Capital Ventures will not affect any such transaction for any Fund where Sands Capital Ventures is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of Sands Capital Ventures' principal transactions policy, as described below.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security

to, a client (what is commonly referred to as a “*principal transaction*”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. Sands Capital Ventures or its affiliates has in the past and may, from time to time in the future, act as principal for their own accounts in connection with the Fund’s securities transactions, including selling securities as principal to, and buying securities as principal from, investment advisory clients. However, Sands Capital Ventures has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the organizational documents of the Funds generally contain additional restrictions on the ability of the Funds or Sands Capital Ventures to engage in principal transactions. Organizational documents of the Funds also generally permit the general partner of the applicable fund to refer principal transactions to the limited partner advisory committee of such Fund, or the independent client representative of such Fund, and the determination of such persons is binding on the limited partners of the applicable Fund

Management of the Funds

Sands Capital Ventures manages a number of Funds that have investment objectives similar to or overlapping with each other, as well as Funds that may invest in Portfolio Funds that have investment objectives similar to or overlapping with one or more Funds. Sands Capital Ventures expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, overlapping with, or different from, those of the current Funds and possibly Portfolio Funds. Allocation of available investment opportunities between the Funds and any such investment fund will give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients.*” In addition, it is expected that employees of Sands Capital Ventures responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by Sands Capital Ventures, including funds raised in the future or to proprietary investments made by Sands Capital Ventures and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services, or functions of these officers and employees.

Sands Capital Ventures and its affiliates may also enter into formal or informal arrangements with portfolio companies to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory, and contractual requirements, these information sharing arrangements are designed to allow Sands Capital Ventures, the Funds and the Funds’ portfolio companies to better discern economic or other trends and developments. Sands Capital Ventures believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across Sands Capital Ventures’ businesses and the Funds’ portfolio companies. However, information sharing may involve conflicts of interest between a Fund and other Funds and/or between a Fund and Sands Capital Ventures. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio companies, or investment decisions by Sands Capital Ventures and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Therefore, Sands Capital Ventures and its affiliates may utilize such data outside of the Funds’ activities in a manner that may provide a material benefit to the Manager, without directly compensating or otherwise benefiting the Funds. As a result, Sands Capital Ventures may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that

may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits Sands Capital Ventures and/or investments held by other Funds.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has (or in which Adviser Investors have) previously invested. In addition, a Fund will, from time to time, participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has (or in which Adviser Investors have) already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Each affiliate of Sands Capital Ventures will resolve all such conflicts using its best judgment, but at its sole discretion.

Conflicts Relating to the General Partner and Sands Capital Ventures

Sands Capital Ventures has in the past and may in the future, at its discretion, contract with any related person of Sands Capital Ventures (including but not limited to a portfolio company of a Fund) or an affiliate to perform services for Sands Capital Ventures in connection with its provision of services to the Funds. When engaging a related person to provide such services, Sands Capital Ventures has an incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Sands Capital Ventures generally may, at its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Sands Capital Ventures or an affiliate of Sands Capital Ventures (including but not limited to a portfolio company of a Fund) or (ii) an entity with which Sands Capital Ventures or its affiliates or a member of their personnel has a relationship, or from which Sands Capital Ventures or its affiliates or their personnel otherwise derives financial or other benefits. When making such a recommendation, Sands Capital Ventures, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Sands Capital Ventures, its affiliates, and members, officers, principals, and employees of Sands Capital Ventures and its affiliates may buy or sell securities or other instruments that Sands Capital Ventures has recommended to Funds. Officers, principals, and employees of Sands Capital Ventures may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by Sands Capital Ventures on behalf of the Fund. In circumstances where a Fund does not invest, expenses will generally be borne by the investing personnel and not the Funds. In addition, officers, employees, and affiliates may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) that may include potential competitors of the Funds and/or may invest in similar industries and sectors as a Fund. Such officers, employees, and affiliates of Sands Capital Ventures have a conflict of interest with respect to these holdings. There could be situations in which

such investment vehicles invest in the same portfolio companies as a Fund, and there may be situations in which such investment vehicles purchases securities from, or sells securities to, a Fund. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of a Fund. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles. Furthermore, Sands Capital Ventures' related persons may (subject to any restrictions set forth in the Fund's organizational documents or Sands Capital Ventures' code of ethics) invest in opportunities that are not presented to a Fund (or its investors). The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Funds. If officers, principals, and employees of Sands Capital Ventures have made large capital investments in or alongside the Funds, they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of Sands Capital Ventures generally align the interest of such persons with the Fund, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Sands Capital Ventures, are reimbursed by a Fund and/or its portfolio companies, Sands Capital Ventures may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Personnel of Sands Capital Ventures have family members that are actively involved in industries and sectors in which the Funds invest and have business, personal, financial, or other relationships with companies in such industries and sectors (including service providers) or other industries, which give rise to conflicts of interest. For example, such family members might be officers, directors, personnel, or owners of companies that are actual or potential investments of a Fund or other counterparties of a Fund and the portfolio companies. Moreover, in certain instances, a Fund or its portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. In most such circumstances, these conflicts will not preclude Funds from undertaking any of these investment activities or transactions.

Fee Structure

Because the Funds have a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon the capital invested by the Funds, this fee structure creates an incentive to deploy capital when Sands Capital Ventures would not otherwise have done so.

Additionally, as discussed above in *Item 6*, many Fund general partners are entitled to incentive allocations under the terms of the organizational documents of such Funds. Such general partners are affiliates of Sands Capital Ventures. The existence of the general partners' incentive allocation creates an incentive for the general partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Pursuant to the organizational documents, the general partner may be required to return excess amounts of incentive allocation as a "clawback". This clawback obligation may create an incentive for the general partner to defer the disposition of one or more investments or delay the liquidation of a

Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the general partner.

The general partner may cause a Fund to distribute Its share of securities resulting from an investment disposition in kind, while disposing of investors' shares of such securities and distributing the net cash proceeds of such sale of securities to the investors. This ability creates conflicts of interest between the general partner and the investors. The general partner is particularly incentivized to receive distributions in-kind of securities that it expects to increase in value, and in cases where the increase occurs, if the investors received cash distributions instead of in-kind distributions, the investors will be denied the benefits of the increase they would have realized had the Fund retained the securities and the general partner will receive more value from the securities than it would have had its incentive allocation been paid in cash. In the event the general partner, or its affiliates, receive such a distribution, the general partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which an investor sells its distributed securities), or hold on to the distributed securities for such time as the general partner shall determine. The ability of the general partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the general partner or affiliate, as an adviser to the Fund. These conflicts may be exacerbated due to the enhanced knowledge and information the general partner has relative to the investors with respect to such securities.

A Fund's general partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the general partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the general partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the general partner and its beneficial owners may intend to hold the investment for a different time period than Sands Capital Ventures deems suitable for the Fund. Although the general partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the general partner and its beneficial owners could exceed the value of the general partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the general partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Providers of Operations Support

The general partner and the portfolio companies will, from time to time, retain other companies and individuals ("*Operations Support Providers*"), which may be affiliates of the general partner, employees or former employees of such affiliates, portfolio companies of other Funds, employees or officers of former or current portfolio companies, third-party consultants (including specialized consultants, external executives, advisers, industry specialists and industry advisory roundtable members, and similar professionals), or "operating partners" (including entities formed for the benefit of such persons and/or to facilitate the provision of their services), or "senior advisors."

The Operations Support Providers are engaged to provide operational support, specialized operations, and consulting services or similar or related services to, or in connection with, one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement, and/or disposition of such portfolio companies. Operations Support Providers will, from time to time, also provide “front office” functional support with respect to a Fund, such as sourcing, research and diligence, and other investment-related functions (“*Operations Support Services*”). These services may be high-level insight or extensive day-to-day roles and may include support to the general partner, Sands Capital Ventures, or portfolio companies regarding, among other things, the company’s management (including serving in management positions or participating in determining corporate strategy), the company’s supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters, and similar operational matters. The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. In certain cases, Operations Support Providers have attributes of Manager employees (for instance, they may have dedicated office space, receive Manager administrative support services, participate in general meetings or events for Manager personnel, have a Manager e-mail address, or business cards) even though they are not employees, affiliates, or personnel of the Manager. Operations Support Providers may be offered the ability to co-invest alongside the Fund or may be offered the opportunity directly by the portfolio company to invest directly in the company, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Certain fees, compensation, expenses, and attributable overhead associated with Operations Support Services (“*Operations Expenses*”) may be paid and/or reimbursed by portfolio companies and/or the Fund. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider that is an affiliate or employee of Sands Capital Ventures or its affiliates) may be determined at the discretion of Sands Capital Ventures taking into account the particular Operations Support Services, may include reimbursement of an allocable portion of an affiliated Operations Support Provider’s compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent property taxes and utilities allocable to the workspaces), an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in a Fund and/or portfolio company, or other incentive-based compensation to the Operations Support Provider, and may otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. In the event an Operations Support Provider is an investor in a Fund, he/she may receive a reduction in related fees otherwise owed to Sands Capital Ventures. The determination of whether a service is an Operations Support Service will be made by Sands Capital Ventures, at its good faith discretion. Over time, certain existing and former employees of Sands Capital Ventures (including senior personnel) may transition to an Operations Support Provider role, which may shift the burden of compensating such persons from Sands Capital Ventures to a Fund

(and indirectly, the Fund's investors) and/or its portfolio companies. Operations Expenses may also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services may be provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Expenses incurred in connection with such services are borne by the Fund. In the event one or more Operations Support Providers (directly or indirectly) are providing services with respect to a Fund, such Operations Expenses will be allocated to the Fund as determined by Sands Capital Ventures, as applicable in a fair and equitable manner. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by a Fund or a portfolio company of the Fund, such Operations Expenses will not reduce any fees otherwise payable to Sands Capital Ventures or its affiliates and will not benefit the Fund or the Fund's investors, even if the Operations Expenses paid by the Fund or a portfolio company have the effect of reducing any retainers or minimum amounts otherwise payable by Sands Capital Ventures. The determination of whether an Operations Expense is paid by a portfolio company, a Fund, or Sands Capital Ventures, or its affiliates will be made by Sands Capital Ventures at its good faith discretion. The Sands Capital Ventures' good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses,) and the allocation of such fees and expenses shall be binding on the relevant Fund and its investors. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount of written work product generated by the Operations Support Provider.

In the event an officer or executive of a current portfolio company provides Operations Support Services, there is an increased likelihood of Sands Capital Ventures being exposed to material, nonpublic information with respect to that portfolio company. See more information in the disclosures regarding material, nonpublic information in *Item 8*.

Diverse Membership

The Funds are likely to have a diverse range of investors that may have conflicting interests stemming from differences in investment preferences, tax status, and regulatory status. The general partner of the applicable Fund will consider the objectives of the Fund and each of the respective investors as a whole when making decisions with respect to the selection, structuring, and sale of investments. However, it is inevitable that such decisions may be more beneficial for one investor than for another investor.

Additionally, the Funds may have tax-exempt, taxable, non-U.S., and other investors, whereas most members of the general partners are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment, and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of U.S. and non-U.S. investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

Business with Portfolio Companies and Investors

Given the collaborative nature of Sands Capital Ventures' business and the portfolio companies in which the Funds have invested, there are often situations where Sands Capital Ventures is in the position of recommending portfolio company services to other portfolio companies of the

Funds or clients managed by Sands Capital Management, which generally will involve fees, commissions, servicing payments, and/or discounts to Sands Capital Ventures, an affiliate, or a portfolio company. Sands Capital Ventures will generally have a conflict of interest in making such recommendations in that Sands Capital Ventures has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

Current and former officers and executives of portfolio companies may also invest in the Funds. While Sands Capital Ventures believes this aligns portfolio company management teams with the best interests of the Funds, Sands Capital Ventures may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

Sands Capital Ventures generally has an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. Sands Capital Ventures has an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Sands Capital Ventures and/or its affiliates (including Sands Capital Management) may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (*e.g.*, whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company may compete with, be a customer of, or a service provider to, another portfolio company or another Fund, or the portfolio company of a Portfolio Fund. A conflict of interest may arise in these instances because advice and recommendations provided by Sands Capital Ventures to a portfolio company may have adverse consequences to a competitor portfolio company owned by another Fund or Portfolio Fund. The performance and operations of a competitor, customer, or service provider that is a portfolio company of a Fund could conflict with, and adversely affect the performance and operations of another portfolio company or a portfolio company of another Fund, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

Sands Capital Ventures and/or its affiliates (including Sands Capital Management) may engage in business with certain service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Funds and/or who provide services (including mezzanine and/or lending arrangements) to Sands Capital Ventures, the Funds, the portfolio companies and/or businesses that are competitors of Sands Capital Ventures. Such engagement may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as Sands Capital Ventures may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. Sands Capital Ventures will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide Sands Capital Ventures information about markets and industries in which Sands Capital Ventures operates or is interested or will provide other services that are beneficial to Sands Capital Ventures. There is a possibility that Sands Capital Ventures, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund or a client managed by an affiliate of Sands Capital Ventures. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

Certain other service providers to Sands Capital Ventures (or its affiliates), the Fund and/or the portfolio companies, or affiliates of such service providers, also provide goods or services to or have business, personal, financial or other relationships with Sands Capital Ventures, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which Sands Capital Ventures and/or a Fund has an investment, and payments by the Fund and/or such portfolio companies may indirectly benefit Sands Capital Ventures.

In certain circumstances, service providers charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by Sands Capital Ventures or its affiliates differ from those required by a Fund and/or its portfolio companies, Sands Capital Ventures and its affiliates will pay different rates and fees than those paid by a Fund and/or its portfolio companies.

Positions with Portfolio Companies

Employees of Sands Capital Ventures serve as directors of certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is generally expected that the interests will be aligned. Additionally, such employees are required to remit any remuneration they may receive as directors to the applicable Funds. In addition, employees of Sands Capital Ventures may leave the employment of Sands Capital

Ventures or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

Board Participation

Certain representatives of Sands Capital Ventures may serve as directors of, or observers on boards with respect to, one or more of a Fund's portfolio companies by virtue of governance arrangements negotiated at the time the Fund makes an investment. While the interests of the Fund as a shareholder in a portfolio company generally align with the interests of shareholders more broadly, the Sands Capital Ventures' board member's fiduciary duties to any such portfolio company and its shareholders as a director may conflict with the interests of the Fund. For instance, such positions could impair the ability of the Fund to sell the securities of an issuer in the event a director receives material, nonpublic information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, a Sands Capital Ventures' representative serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the Fund, on the other hand, and such persons may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Sands Capital Ventures' representatives serving as directors may make decisions for a portfolio company that negatively impact returns received by the Fund investing in the portfolio company. In addition, to the extent a Sands Capital Ventures' representative serves as a director on the board of more than one portfolio company, such person's fiduciary duties among the two portfolio companies may create a conflict of interest. In addition, Sands Capital Ventures' personnel may leave the employment of Sands Capital Ventures and become an officer or employee of a portfolio company.

Decisions made by a director may subject Sands Capital Ventures, its affiliates or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify Sands Capital Ventures and its personnel from such claims.

Certain personnel of Sands Capital Ventures or its affiliates may also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse Sands Capital Ventures or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. Sands Capital Ventures may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by Sands Capital Ventures or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the management fee paid to Sands Capital Ventures or incentive allocation distributed by a Fund to the Fund's general partner or its affiliates will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by the general partner and reimbursed by a portfolio company) will not reduce the management fee otherwise payable to Sands Capital Ventures or any incentive allocation otherwise payable to the general partner or its affiliates. All or a portion of any such compensation and incentives will be borne by the relevant Fund, directly or indirectly, via its ownership interest in such portfolio company. In certain instances, whether an individual who provides services to a portfolio company should be categorized as an Operations Support Provider, an employee of Sands Capital Ventures a former employee of Sands Capital Ventures or a seconded employee may not be clear. In such cases,

Sands Capital Ventures will make a determination in good faith based on an evaluation of the facts and circumstances.

Side Letter Agreements; Advisory Committee Rights

Sands Capital Ventures often enters into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including for example, but not limited, to different fee structures (including Management Fees, none of which generally will be subject to a “most-favored nation” provision), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on a Fund’s advisory committee, and liquidity or transfer rights. Except as otherwise agreed with an investor, Sands Capital Ventures (or the applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund. Any rights established under a side letter will generally inure solely to the benefit of the parties to such side letter and will not extend to other investors in the relevant Fund. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other side letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more investors being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating investors in a Fund could be adversely affected in a material manner by the unfavorable performance of particular investments.; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Sands Capital Ventures believes it to be unlikely, excuse rights requested or received by one or more investors in a Fund (or such regulatory, tax, or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns, or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the general partner on behalf of the relevant Fund as a whole. For certain Funds, it is possible that an investor’s inability to participate in an initial public offering due to FINRA rules will create a greater allocation of private interests to such investor. Those private interests may have been acquired by the Fund at a lower cost basis relative to the shares offered in the initial public offering, in which case the private interests could outperform. An investor’s voting rights for regulatory or other reasons can be limited in circumstances specified in the organizational documents for the applicable Fund; conversely, a limitation on one or more investors’ voting rights generally will increase the voting rights percentage of other investors in the relevant Fund. Further, investors with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

Generally, each Fund has the right to establish an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to Sands Capital Ventures and the

applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

Other Advisory Affiliates Conflicts

In certain instances, a Fund's portfolio company may compete with the portfolio company of a client managed by an affiliate of Sands Capital Ventures. A conflict of interest may arise in these instances because advice and recommendations provided by Sands Capital Ventures to a portfolio company may have adverse consequences to a competitor portfolio company owned such affiliate-managed client.

Sands Capital Ventures may share proprietary research and other information with Sands Capital Management and vice versa. In such situations, Sands Capital Ventures and Sands Capital Management will use their good faith efforts to allocate any costs and expenses incurred in creating such research or similar information as they determine to be appropriate.

Certain Fund and co-investment vehicle investors are also clients of Sands Capital Management. Sands Capital Ventures and Sands Capital Management refer clients or investors to each other from time to time. Sands Capital Management and its affiliates and their officers and employees invest, and may in the future invest, in the Funds or on a side-by-side basis through separate investment vehicles, and, subject to the organizational documents of the Funds, may invest in opportunities that are not presented to the Funds or their investors. In the event the securities issued by a portfolio company in which Sands Capital Ventures' clients, officers, employees or affiliates have indirectly invested become listed on a national securities exchange, Sands Capital Management may invest, and has invested, in such securities for its client accounts.

From time to time, Sands Capital Ventures or an affiliate may possess material, nonpublic information or other information that may limit the ability to buy and sell certain investments. A Fund's investment flexibility may be constrained as a consequence of Sands Capital Ventures or its affiliates' inability to use such information for investment purposes.

Other Potential Conflicts

Sands Capital Ventures and the Funds will generally engage common legal counsel and other advisers in connection with a particular offering or investment, including situations in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, Sands Capital Ventures and/or its affiliates, the parties may engage separate counsel in the sole discretion of Sands Capital Ventures and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, Sands Capital Ventures and the Funds and the portfolio companies of the Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to Sands Capital Ventures, the Funds, and/or the portfolio companies. This may result in Sands Capital Ventures receiving a more favorable rate on services provided to it by such common service provider than those payable by the Funds and/or the portfolio company, or Sands Capital Ventures receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between Sands Capital Ventures, on the one

hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, which may result in Sands Capital Ventures favoring the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

Sands Capital Ventures and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to Sands Capital Ventures and/or its personnel, and such rewards and/or amounts will exclusively benefit Sands Capital Ventures and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

Sands Capital Ventures may, at its discretion, cause the Funds and/or their portfolio companies to have ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Sands Capital Ventures. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between Sands Capital Ventures and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that Sands Capital Ventures may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

Certain portfolio companies of the Funds are, or have been, counterparties or participants in agreements, transactions or other arrangements with Sands Capital Ventures, its affiliates, or other portfolio companies, which may result in favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. Sands Capital Ventures is often eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to Management Fee offsets or otherwise shared with the relevant Funds.

The organizational documents of certain Funds permit each such Fund’s general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner may elect to withhold certain information to such limited partners for reasons relating to the general partner’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

The relevant liability standards under insurance coverage procured by Sands Capital Ventures are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the relevant organizational documents. Investors generally will be responsible for insurance premiums, as set forth in the organizational documents for the particular Fund, regardless of whether the liability and/or indemnity standards in Sands Capital

Ventures' insurance coverage are higher or lower than that set forth in the relevant organizational documents.

Please see the discussion above under the sub-heading “*Resolution of Conflicts*” for a description of the means by which Sands Capital Ventures and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

Item 12. BROKERAGE PRACTICES

Sands Capital Ventures anticipates that the Funds generally will purchase investments in private placement transactions, without the assistance of a broker-dealer and without payment of any brokerage commissions or dealer mark-ups. In certain cases, however, particularly in the instance in which portfolio companies of the Funds undertake initial public offerings, and in the disposition of investments, Sands Capital Ventures has the authority and discretion to select brokers or dealers to execute securities transactions for the Funds.

In selecting brokers and dealers, Sands Capital Ventures seeks to obtain the best overall execution available. In assessing the best overall terms available for any transaction, Sands Capital Ventures considers factors that it deems relevant, such as the breadth of the market in the security, the price of the security, the financial condition and execution capability of the broker or dealer, and the reasonableness of the commission, if any, both for the specific transaction and on a continuing basis (but does not consider whether it or a related person receives client referrals from a broker-dealer or third party). In evaluating the best overall terms available, and in selecting the broker or dealer to execute a particular transaction, Sands Capital Ventures may also consider the brokerage and research services (within the meaning of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”)), *provided*, that Sands Capital Ventures determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either the particular transaction or Sands Capital Ventures' overall responsibilities with respect to the clients as to which it exercises investment discretion.

Sands Capital Ventures may execute securities transactions on an agency or principal basis with a broker-dealer, which may result in a Fund (and thus its investors) incurring two transaction costs for a single trade: a commission paid to the executing broker plus the market maker's markup.

Underlying investors are not permitted to direct brokerage with respect to purchases or sales of securities by the Funds or other investment vehicles operated by Sands Capital Ventures.

Soft Dollars

Section 28(e) of the Exchange Act provides a “*safe harbor*” for investment advisers who use commission dollars of their clients to obtain brokerage and investment research services that provide lawful and appropriate assistance to the adviser in performing its investment decision-making responsibilities. Sands Capital Ventures anticipates that transactions normally will not provide it with the opportunity to generate soft dollars. If, however, it were to generate soft dollars, Sands Capital Ventures would only use such soft dollars within the “*safe harbor*” provided under Section 28(e) of the Exchange Act.

When Sands Capital Ventures believes more than one brokerage firm meets its selection criteria, it may select broker-dealers that provide it with brokerage services, as well as research products

and services. Sands Capital Ventures effects portfolio transactions through broker-dealers furnishing these services even though the commissions charged for the transactions may be higher than the commissions another broker would have charged for effecting the same transactions. Sands Capital Ventures is not able to determine the specific dollar value of any research products and services or brokerage services obtained with clients' commission dollars. Sands Capital Ventures will make a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage and research products and services provided. Sands Capital Ventures may use the research products and services furnished by broker-dealers in servicing all of its clients and for clients other than those that pay the commissions to the brokers that arrange for such research or other services; not all such products and services will be used exclusively for the benefit of the clients that pay the brokerage commissions.

Research services may include: advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or seller of securities; analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and market data, stock quotes, last sale prices, and trading volumes.

Research services received may also be in the form of seminars, written reports, telephone contacts, and personal meetings with sell-side security analysts, economists, and senior issuer representatives. Brokers may provide Sands Capital Ventures with proprietary research where the cost of such research is incorporated into their commission rate structure. Research services received from brokers and dealers are supplemental to Sands Capital Ventures' research efforts and, when used, are subject to internal analysis before being incorporated into its investment process.

Sands Capital Ventures does not have any arrangement that contractually or financially obligates it regarding the amount of brokerage commissions directed to a particular broker. However, Sands Capital Ventures does accept proprietary research (bundled research) from broker-dealers, and this is a factor in determining broker-dealer selection. Sands Capital Ventures believes that bundled research is generally made available to all institutional investors doing meaningful business with such broker-dealers. Research is made available to Sands Capital Ventures on a solicited and unsolicited basis. Sands Capital Ventures does not separately compensate broker-dealers for this research. Sands Capital Ventures considers clients who choose not to participate in soft dollar commissions to be opting out of generating contractually obligated soft dollar credits used to pay for third-party research and not opting out of bundled research. Thus, client accounts that have soft dollar restrictions may still be traded with broker-dealers that provide Sands Capital Ventures with bundled research; and, consequently, overall commission costs paid by these clients may not decrease.

The use of brokerage commissions to obtain research and research-related products and services may create a conflict of interest because a client's brokerage commissions may pay for products and services that do not exclusively benefit that client and that may benefit Sands Capital Ventures. To the extent that Sands Capital Ventures is able to obtain these products and services without expending its own resources, the use of soft dollars tends to increase its profitability. In addition, the availability of these non-monetary benefits may influence Sands Capital Ventures' selection of a particular broker-dealer over another to perform client services.

Trade Aggregation and Allocation. Investment actions by Sands Capital Ventures or its affiliates (including Sands Capital Management) may result in multiple Funds, accounts or strategies seeking to

trade the same security at the same time. When more than one client seeks to acquire the same security at the same time, it may not be possible to acquire a sufficiently large number of shares or a higher price may be paid. Similarly, when more than one client seeks to sell a particular security, clients may not be able to obtain as high a price or as large an execution of the security. Under these circumstances Sands Capital Ventures generally aggregates or “blocks” orders for accounts for which it and its affiliates have investment discretion if it believes that blocking will result in a more favorable overall execution. In such cases, Sands Capital Ventures seeks to aggregate transactions before execution of the order; however, in certain instances, the order may not be blocked prior to entering the order. In that event, Sands Capital Ventures will seek to block the order at the earliest practicable time. Sands Capital Ventures retains the discretion not to block transactions if it believes blocking will not result in more favorable overall execution.

Client accounts for which orders are aggregated receive the average price of the transaction, which could be higher or lower than the price that would otherwise be paid by a client absent aggregation. Any transaction costs incurred are shared *pro rata* based on each client's participation in the transaction. In some instances, this procedure could have an adverse effect on a particular client. In Sands Capital Ventures' opinion, however, the results of this procedure will, on the whole, be in the best interests of each of the participating clients.

If an aggregated order is executed in its entirety, it will be allocated in accordance with the allocation established for the trade. If the order is partially filled, Sands Capital Ventures will, to the extent practicable, allocate the order on a *pro rata* basis among participating accounts, which may be subject to rounding to ensure that accounts receive round lots. When *pro rata* allocation is not practicable, Sands Capital Ventures will allocate the order in a fair and equitable manner consistent with the factors identified above.

From time to time Sands Capital Ventures may not be able to aggregate client orders or aggregation may not be in the clients' best interest. Factors which may preclude order aggregation include country-specific rules which forbid omnibus trading, ID market trading, size of transaction, and prefunding requirements, among others. In cases where order aggregation is appropriate but not possible Sands Capital Ventures will execute orders on a random basis.

Item 13. REVIEW OF ACCOUNTS

The investment team of Sands Capital Ventures monitors the portfolio companies of each Fund on a continuous basis. Sands Capital Ventures' personnel have assumed, and likely will continue to assume, seats on portfolio company boards of directors and serve as observers to boards. In conjunction with such positions, Sands Capital Ventures may provide operational, strategic and scientific support to the companies.

Sands Capital Ventures generally will provide underlying investors with periodic written status reports on investments then held by a Fund, to the extent permitted or required under the operating agreements of the Fund. Sands Capital Ventures will generally provide: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) at least annual reports providing a narrative summary of the status of each portfolio company investment. Notwithstanding the foregoing, Sands Capital Ventures does not provide GAAP audited financial statements to underlying investors for certain co-investment vehicles.

Item 14. CLIENT REFERRALS AND OTHER COMPENSATION

Neither Sands Capital Ventures nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals. For details regarding economic benefits provided to Sands Capital Ventures by non-clients, including a description of the related material conflicts of interest and how they are addressed, please see *Item 11*. In addition, Sands Capital Ventures and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

While not a client solicitation arrangement, Sands Capital Ventures expects from time to time to engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Management Fees received by Sands Capital Ventures are generally reduced by the amount of such fees paid by the Fund. As some Funds or co-investment vehicles may not pay Management Fees, any such reduction will not benefit such Funds or vehicles (or their underlying investors). In addition, Sands Capital Ventures expects from time to time be engaged to provide sub-advisory services to investment funds sponsored by unaffiliated third parties. In such circumstances, the third parties or their affiliates will generally be entitled to fees or other remuneration from the relevant investment fund, which will not reduce the amount of fees paid to Sands Capital Ventures.

Item 15. CUSTODY

Sands Capital Ventures generally does not have physical custody of client funds or securities. However, Sands Capital Ventures or its affiliate, by virtue of its position with the Funds, will generally be deemed to have custody of the funds and securities of one or more Funds under Advisers Act Rule 206(4)-2 (the “Custody Rule”), subject to certain exceptions set forth in the Custody Rule and related guidance. In such cases, (a) Fund assets will be held with a “*qualified custodian*”, as defined in the rule (generally a bank or broker-dealer) independent of Sands Capital Ventures; and (b) the Funds will be subject to either an annual audit in accordance with generally accepted accounting principles or actual examination at least once during each calendar year by an independent public accountant. Notwithstanding the foregoing, Funds that are subject to an annual audit may have certain privately offered securities recorded only on the books and records of the issuer (if the security is uncertificated) or held in a safe location on Sands Capital Ventures’ premises (if the security is certificated in accordance with applicable SEC guidance). Investors in a Fund that is not subject to an annual audit receive at least quarterly statements from the Fund’s qualified custodian and should review such statements carefully.

Item 16. INVESTMENT DISCRETION

Sands Capital Ventures generally provides its investment advisory services to clients on a discretionary basis, subject to the direction and control of the general partners of the Funds. Such authority, and any policies, restrictions or limitations relating to such authority, are set forth in the advisory agreements and the operating agreements of the Funds.

Item 17. VOTING CLIENT SECURITIES

Sands Capital Ventures has adopted policies and procedures with respect to the voting of securities held by the Funds. Sands Capital Ventures' policy is to evaluate and vote in a manner consistent with a Fund's best interests. Sands Capital Ventures believes that it acts in the best interests of a Fund when it votes in a manner that maximizes the economic value of the Fund's holdings. Prior to a voting deadline, Sands Capital Ventures determines whether and how to vote on each proposal based on its analysis of the information received. In voting, Sands Capital Ventures is not an automatic supporter of management. Further, there may be times when it determines that refraining from voting is in a Fund's best interest, such as when the cost of voting exceeds the expected benefit to the Fund. Investors in a Fund (and the Fund itself) are not able to direct the vote of Sands Capital Ventures.

If a material conflict exists, Sands Capital Ventures takes steps to ensure that its voting decision is based on the best interests of the relevant Fund and is not a product of the conflict. If the Chief Compliance Officer determines that a material conflict of interest exists, then Sands Capital Ventures may, at its discretion: (a) disclose the conflict of interest to the investors in a Fund (or a committee thereof) and consult with such investors (or committee thereof) or defer to such investors' (or committee's) voting recommendation; (b) defer to the voting recommendation of an independent third party provider of proxy voting services; or (c) take such other action that Sands Capital Ventures in good faith believes would serve the best interests of the relevant Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

Clients may obtain information regarding how Sands Capital Ventures voted proxies relating to securities held by a Fund or request a copy of Sands Capital Ventures' proxy voting policies and procedures, by contacting the Chief Compliance Officer at (703) 562-4000 or writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209.

Item 18. FINANCIAL INFORMATION

Sands Capital Ventures does not believe that there are any financial commitments that are reasonably likely to impair the ability of Sands Capital Ventures to meet its contractual commitments to its clients. Further, Sands Capital Ventures has not been the subject of a bankruptcy petition at any time during the past 10 years.

Item 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.