

**Item 1. Cover Page**

**Sequoia Capital Operations, LLC**

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**Part 2A of Form ADV: Firm Brochure  
March 31, 2023**

**This brochure provides information about the qualifications and business practices of Sequoia Capital Operations, LLC. If you have any questions about the contents of this brochure, please contact us at (650) 854-3927. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Sequoia Capital Operations, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

This Brochure serves as an update to Sequoia Capital Operations, LLC's Brochure dated March 31, 2022. Sequoia Capital Operations, LLC has made updates throughout the Brochure, including but not limited to updates to improve and clarify the descriptions of its business practices, compliance policies and procedures, fee and expense practices, risks, and conflicts of interest to respond to evolving industry best practices.

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

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

For purposes of this brochure, the “Adviser” means Sequoia Capital Operations, LLC, a Delaware limited liability company, together (where the context permits) with its affiliated general partners of the Funds (as defined below) (and, together with the family of related entities operating under the Sequoia Capital name and mark, “Sequoia Capital”).

The Adviser provides investment supervisory services to investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds include an open-ended Fund, the Sequoia Capital Fund, which holds positions in portfolio investments that have gone public and is expected to operate in perpetuity until dissolved. Additionally, the Adviser continues to provide investment supervisory services to closed-end Funds which focus primarily on making venture capital investments at the seed, early, and growth stages of companies. The Adviser expects to organize its closed-end venture capital vehicles established after the date of the Brochure as underlying investment vehicles, or subsidiary vehicles, of the Sequoia Capital Fund. References herein to “Funds” refer to such subsidiary vehicles, as applicable. In accordance with the Funds’ respective investment objectives, investments are generally made in companies doing business across multiple sectors, including business technology, consumer technology, healthcare, financial services, energy and others. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments when the Adviser deems appropriate. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund and Advisory Agreements negotiated with investors in the applicable Fund (such documents collectively, a Fund’s “Organizational Documents”).

The Adviser has no principal owners (*i.e.*, owners of more than 25%). The Adviser has been in business since 1972. As of December 31, 2022, the Adviser manages a total of \$53,286,699,064 of client assets, all of which is managed on a discretionary basis.

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

The Adviser or its affiliates generally receive Management Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. The Sequoia Capital Fund will charge Management Fees and Carried Interest, as will each of the vehicles organized as subsidiary vehicles of the Sequoia Capital Fund. References herein to “Funds” refer to such subsidiary vehicles as applicable.

### **Management Fees**

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund a management fee (each, a “Management Fee”) typically calculated based on committed capital or remaining invested capital, with respect to such Fund. Management Fees may be reduced during the life of a Fund. The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by the Adviser and are set forth in such Fund’s Organizational Documents. The Management Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors, which may not be disclosed to other investors in the same Fund. The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

The Management Fees paid by a Fund will generally be reduced by certain fees and expenses, such as excess organizational expenses, in accordance with the Funds’ Organizational Documents. The amount and manner of such Management Fee reductions, if any, are set forth in the Organizational Documents of the applicable Fund.

Certain investors in the Funds that are employees, business associates and other “friends and family” of the Adviser, its affiliates or their personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, “Adviser Investors”) will not typically pay Management Fees or Carried Interest in connection with their investment in a Fund. Furthermore, the Adviser has in the past and may, from time to time in the future, establish certain investment vehicles through which Adviser Investors or other third parties may invest alongside one or more Funds in one or more investment opportunities, which generally do not pay Management Fees or Carried Interest.

Management Fees billed to and received from the Funds are payable quarterly either (i) in advance, generally on the first day of each fiscal quarter, or (ii) in arrears, generally on the last day of each fiscal quarter. Upon termination of an Advisory Agreement, Management Fees that have been prepaid, if any, are generally returned on a prorated basis.

## **Expenses**

### *Adviser Expenses*

To the extent provided in the Organizational Documents of the Funds and except as described herein as a Fund or portfolio company expense, as a general matter, the Adviser will bear its own internal costs of existence and operations, such as rent, utilities, communications, office supplies, office equipment, member/employee salaries and benefits (not including Carried Interest compensation described in Item 6 below), expenses incurred in excess of a Fund's organizational expense cap as applicable, and its expenses incurred in connection with general information technology.

### *Fund Expenses*

Subject to the Organizational Documents of the Funds, each Fund will bear all other costs, expenses and losses incurred by such Fund, its general partner, or an affiliate thereof and associated with the formation, operation, dissolution, winding-up, liquidation or termination of the partnership to the extent not borne by its portfolio companies, including (i) all out-of-pocket expenses associated with the organization of a Fund's general partner or a Fund or the syndication of interests therein; (ii) legal, accounting, audit, valuation, tax, regulatory, reporting, compliance/advisory, administration, custodial, and other professional fees as well as consulting fees relating to services rendered to a Fund (provided that such consulting fees could not reasonably have been rendered by such Fund's general partner or its members in the ordinary course of their activities); (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees, commissions or discounts; (iv) transfer, capital and other taxes, as well as charges, duties and fees, and any other costs (including broken deal, unconsummated deal and similar costs), incurred in acquiring, developing, holding, selling or otherwise managing or disposing, or hedging against changes in the value, of Fund assets or obligations; (v) costs and expenses incurred in respect of company and market research, software, expert networks/research resources and data services in connection with providing price feeds, news feeds, securities and company information and company fundamental data attributable to actual or potential investments; (vi) insurance premiums (including insurance premiums of any director and officer liability and general partner liability), indemnifications, costs of litigation, judgements, settlements and other extraordinary expenses; (vii) costs of financial statements and other reports to limited partners as well as costs of all governmental returns, reports, notices and other filings, including reimbursements of any fees and expenses to advisers, service providers and other third parties; (viii) costs of meetings with one or more investors (including prospective investors during fundraising and current Fund investors) (including the reasonable travel and other out-of-pocket costs incurred by a general partner in attending such meetings), regardless of whether all limited partners are invited to participate in or attend such meetings; (ix) interest expenses; (x) amounts paid to or for the benefit of portfolio companies other than as capital contributions thereto or in exchange for securities issued thereby; (xi) the Management Fee; (xii) advertising (including event sponsorship and professional organization costs) and public notice costs; (xiii) all out-of-pocket expenses incurred by a general partner, its equity holders, or its affiliates in connection with the operation, dissolution, winding-up, liquidation or termination of the Fund (including travel and similar expenses, investment and business consultant fees, and other expenses incurred in exploring, investigating, evaluating, diligencing, discovering or monitoring investments or

investment opportunities); (xiv) costs and expenses associated with preparing Fund tax returns, making tax elections and determinations and similar activities, including costs and expenses incurred by a tax representative (as described in the Organizational Documents of a Fund); (xv) costs and expenses associated with any actual or threatened claim, demand, action, suit or proceeding and related compliance; (xvi) costs of Fund, general partner and Adviser compliance with applicable tax and securities laws or other legal or regulatory requirements applicable to a Fund or its investors (including preparation and filing of Form PF and registration or other compliance obligations related to, or arising as a result of, the offering and sale of interests in a Fund in any jurisdiction, including any such obligations arising under the Alternative Investment Fund Managers Directive or the securities law of any jurisdiction, or from managing compliance with FATCA or similar regimes); (xvii) costs and expenses associated with the organization and maintenance of holding vehicles or other investment conduits; (xviii) taxes, duties, penalties and other governmental charges imposed upon the Fund as an entity (rather than solely as a withholding agent); (xix) costs associated with the transfer or redemption of a limited partner's interest in a Fund, to the extent not borne by such limited partner or the transferee (if applicable); (xx) expenses associated with making capital calls from and distributions to investors, including fees and expenses of information technology used to facilitate all such activities; (xxi) any other fees and expenses approved by a Fund's advisory board; and (xxii) any other expenses not listed in the preceding clauses (i) through (xxi) that are not normal operating expenses of the general partner of a Fund.

From time to time, the general partner of a Fund creates certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the general partner creates an SPV, expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will be borne consistent with the applicable Organizational Documents. In addition, expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund and indirectly, the investors thereof (even if such investors do not participate in any such feeder fund or similar vehicle).

#### *Allocation of Expenses*

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by the Adviser, a Fund, a portfolio company, co-investors and/or a third party (each, an "Allocable Party") and if so, how such fees, costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. The Adviser allocates fees, costs and expenses in accordance with a Fund's Organizational Documents. To the extent not addressed in the Organizational Documents of a Fund, the Adviser will make allocation determinations among Allocable Parties using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may vary (e.g., pro rata allocation based on capital commitments of a Fund, pro rata allocation based on the relative ownership of an investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other method as determined by the Adviser in its sole discretion). The Adviser will make any corrective allocations and take any mitigating steps if it determines in its

sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance and a Fund will bear more or less of a particular expense based on the methodology used.

There may be occasions when one Allocable Party (the “Payor Allocable Party”) pays an expense common to multiple Allocable Parties (the “Allocated Parties”) (e.g., legal expenses for a transaction in which multiple funds and/or co-investors participate). On such occasions, each Allocated Party will reimburse the Payor Allocable Party for its share of such expenses, generally without interest, promptly after the payment is made by the Payor Allocable Party. In addition, there may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to the Organizational Documents, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties. Furthermore, while highly unlikely, it is possible that one of the Allocated Parties could default on its obligation to reimburse the Payor Allocated Party.

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation (which may include grants of carried interest) or other fees and/or are reimbursed for certain expenses. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

#### *Co-Investment Vehicle Fees, Expenses and Expense Allocation*

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside one or more Sequoia Funds may be formed in connection with the consummation of a transaction. Consistent with the Organizational Documents of such co-investment vehicle, certain expenses (including those related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle, as well as expenses incurred in connection with making and holding an investment) are generally borne by such co-investment vehicle. Expenses, otherwise qualifying as co-investment vehicle expenses, which are paid or incurred for the benefit, or to satisfy obligations, of the co-investment vehicle as well as one or more Sequoia Funds which invest in the same company shall be generally allocated among such entities.

Unless the Adviser determines otherwise in its sole discretion or subject to negotiations with a particular co-investor, in general neither co-investment vehicles nor co-investors will bear any expenses relating to a proposed but not consummated transaction (“Dead Deal Costs”), even if a co-investment vehicle has been formed for the purpose of investing in the proposed transaction or if co-investors have otherwise committed to invest in the proposed transaction. As a result, Dead Deal Costs are generally borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, which will result in the Fund bearing more than its pro rata share of Dead Deal Costs. Similarly, co-investment vehicles (and co-investors) are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction. Dead Deal Costs are, from time to time, rolled forward and capitalized into the following subsequent



consummated transaction. In such cases, another Fund and new co-investors may participate with the original Fund in the subsequent consummated transaction. As a result, the other Fund (and/or new co-investors) that were not participating in the unconsummated transaction will under certain circumstances be responsible for bearing a portion of Dead Deal Costs incurred by the original Fund.

Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses, any travel and travel-related expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., KYC) investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

Any fees and expenses incurred in connection with the organization of a co-investment vehicle (including fees and expenses related to negotiating the governing documents of such co-investment vehicle as well as fees and expenses described above) that is expected to invest alongside the Funds in an investment are expected to be borne by the Funds to the extent such co-investment vehicle does not ultimately make such investment, whether or not such investment is consummated by the Funds.

From time to time, certain Funds will incur certain ongoing expenses that benefit a co-investment vehicle or co-investor (for instance, insurance premiums). In such instances, these ongoing expenses will be borne solely by the applicable Fund or Funds and will not be borne by any benefiting co-investment vehicle or co-investor. For example, a co-investment vehicle is not expected to bear its pro rata share of expenses relating to a subscription facility used for making an investment (including, without limitation, interest expenses, origination and other costs). As a result, the applicable Fund is expected to bear a disproportionate cost in connection with the extension of credit. In addition, because co-investment parties are not expected to be parties to any such subscription facilities, the Funds will bear a disproportionate amount of the credit risk incurred on behalf of such other parties.

In addition, the Adviser and its affiliates have discretion to (i) receive performance-based compensation, Management Fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are subject to co-investment arrangements.

### **Carried Interest Payments**

Please see Item 6 below regarding Carried Interest that Funds may pay.

### **Brokerage Fees**

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes

relating to 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**

With respect to each Fund a portion of the profits of each Fund is distributed to its general partner, if any, as “carried interest” (the “Carried Interest”). Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds (including Adviser Investors) may incur lower or no Carried Interest.

The payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest at a higher rate. See Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

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

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

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 “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund.

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

### **Methods of Analysis and Investment Strategies**

The Adviser’s strategy primarily focuses on venture capital investments at the seed, early, and growth stages, and it invests across multiple sectors, including business technology, consumer technology, healthcare, financial services, energy, and others. The Adviser also provides investment supervisory services to an open-ended Fund, the Sequoia Capital Fund, which will hold positions in portfolio investments that have gone public and is expected to operate in perpetuity until dissolved. At its founding in 1972, the Adviser focused on investing in early-stage technology companies in Silicon Valley with the objective of helping technologists take their products to market and navigate its ups and downs. Since then, the Adviser’s scope has expanded as technology has revolutionized industries.

## **Risks**

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

**Risks Associated with Portfolio Investments.** Identifying and participating in attractive investment opportunities and assisting in the building of successful young/emerging enterprises is difficult. There is no assurance that a Fund's investments will be profitable or that a Fund will achieve its investment goals, and there is a substantial risk that a Fund's losses and expenses will exceed its income and gains. Any return on investment to the limited partners will depend upon successful investments made on behalf of a Fund by that Fund's general partner. There often will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by a Fund's general partner will be dependent upon the ability of its members and agents to obtain relevant information from non-public sources, and the general partner often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the general partner's control. Typically, although a member of the general partner may serve on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with a Fund or its general partner). A Fund may hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. Portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. The public market for the Funds' investments, as applicable, is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of a Fund to dispose of investments, and the value of investment securities on the date of sale or distribution by a Fund. In particular, the receptiveness of the public market to initial public offerings by a Fund's portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, a Fund or its limited partners may be prevented from disposing of the portfolio company's securities for a material period of time due to a contractual "lock-up," applicable law or other restrictions. Similarly, the receptiveness of potential acquirors to a Fund's portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, a Fund's stock, security or other interests in the surviving entity may not be marketable. There can be no guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition or otherwise, and there is a significant risk that a Fund's investments will yield little or no return. Generally, the investments made by a Fund initially will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of a Fund's investment, a portfolio company may lack one or more key attributes (e.g., proven technology, appropriate patent protection, marketable product, complete management team, regulatory approvals or strategic alliances) necessary for success. Many or most of a Fund's

portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. In some (possibly most) cases, the success of a Fund's portfolio companies will depend upon the development of business, technology or other "ecosystems" that may or may not reach critical mass during the relevant time period. In particular, there have been many examples of technology-related investments that failed to produce attractive returns simply because they were made too early in the development of such ecosystems, and there can be no assurance that a Fund will make investments at the proper time to achieve its investment goals. Some portfolio companies may be reliant for their success upon regulatory approvals, while others may require changes to existing (or the development of new) regulatory regimes. Regulatory approvals and changed or new regulatory regimes may be costly, difficult or impossible to obtain (and, if obtained, may be forthcoming only after a very extended period of time). Investments into certain types of regulated portfolio companies may impose costly and burdensome regulatory obligations upon a Fund itself. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. It is likely that a Fund will still hold some illiquid securities at the time of a Fund's dissolution, with the result that such securities may be distributed in-kind or sold for a price that reflects their illiquid nature.

Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. A Fund's capital is limited and may not be adequate to protect such Fund from dilution in multiple rounds of portfolio company financing. A Fund's general partner will not be prohibited from causing a Fund to invest follow-on capital in portfolio companies. However, it generally is anticipated that portfolio companies that require large amounts of follow-on capital will receive some or all of such additional capital, if any, from other sources (possibly including other Sequoia Capital funds). If a Fund's portfolio companies obtain additional capital from sources other than the Fund, such Fund's investments could be significantly diluted. In addition, if a Fund's portfolio companies obtain additional capital from other Funds, these other Funds could be granted different rights (including voting rights) vis-à-vis the portfolio companies as compared to such Fund. Conflicts could therefore arise between a Fund and such other Funds.

Relative to more mature companies, emerging companies often have not yet developed comprehensive legal, regulatory, financial audit, control and similar compliance capabilities. This will make it more difficult for a Fund's general partner to conduct diligence upon prospective portfolio companies and to monitor companies that have entered a Fund's portfolio. It enhances the risks that otherwise successful portfolio companies will experience adverse consequences due to unintended violations of legal, regulatory or similar obligations. It also enhances the risks that portfolio companies or a Fund will experience adverse consequences due to intentional wrongdoing by portfolio company personnel or third parties. In addition, investing in young/emerging companies involves a number of other significant risks, including that such companies are expected to (i) have limited financial resources, shorter operating histories, less predictable operating results, difficulty accessing the capital markets, and debt that has significantly more limited liquidity than is typical of larger companies and (ii) be more likely to be dependent on management talents and efforts of a small group of persons.

It is anticipated that a portion of a Fund's investment portfolio will consist of securities issued by publicly traded companies (e.g., as the result of a direct investment in publicly traded securities,

an initial public offering effected by a previously private portfolio company, or acquisition of a private portfolio company by a publicly traded company). The fact that a portfolio company is publicly traded will not necessarily reduce the business and other risks associated with an investment in such company. For example, the last few decades have seen multiple periods during which early stage companies have been able to effect initial public offerings, and the stage at which companies are able to effect an initial public offering varies in different markets around the world. Moreover, investments in publicly traded companies often are subject to additional risks, such as increased risks of litigation and greater securities law and other regulatory burdens, as well as risks associated with “insider trading” and similar rules.

A Fund may also participate in initial public offerings and direct listings of companies with no, or limited, operating results at the time of offering or which the Adviser has not previously invested in. Since such companies often have a limited operating history and the Adviser may have only limited information about the business and operations of such companies, a Fund will have a limited basis upon which to evaluate the company’s ability to achieve its business objective. Accordingly, investments in initial public offerings and direct listings can be volatile and a Fund cannot predict whether any such investment will be successful.

**Follow-On Investments.** It is expected that certain Funds may seek to provide follow-on financing to portfolio companies of another Fund. Pursuant to a Fund’s partnership agreement, a Fund’s general partner may cause a Fund to transfer to other Funds any follow-on or preemptive rights that such Fund may have obtained in connection with portfolio company investments. Prospective investors should presume that the transferring Fund will not be compensated for the transfer of any such rights. In particular, although it is common practice in the venture capital and private equity industries for an investor to be protected from the punitive provisions of a “pay-to-play” round if an affiliate of the investor satisfies such investor’s deemed investment obligation in respect of the financing round, other Funds will be under no obligation to protect a Fund’s existing investments from the negative impacts of any “pay-to-play” or similar provisions.

**Warehoused Portfolio Investments.** Pursuant to a Fund’s partnership agreement, certain investments may be made prior to a Fund’s initial closing through a holding vehicle owned by persons associated with a Fund’s general partner (including other Funds). While it is intended that such investments will be transferred at cost plus interest incurred and fees paid by the seller of the investments (as determined in accordance with the Fund’s partnership agreement) following a Fund’s initial closing, prospective investors should not rely on the fact that such transfers will occur. Among other things, the current owners of such holding vehicle may decline to effect such transfers in their sole and absolute discretion. Moreover, neither a Fund’s general partner nor any of its related persons makes or shall make any representations regarding the attractiveness of such investments. In this context, the nature of such transactions involves an inherent conflict of interest between the general partner and the limited partners, in particular because the current holders of such investments may be able to shift the risks and burdens of such investments to a Fund after gaining knowledge about such investments (e.g., relating to a decline in value) during the period prior to such transfers. In addition to the foregoing, certain investments may be made by a Fund prior to the initial closing using proceeds of a loan from the Fund’s general partner or its affiliates. With respect to any investments funded through a loan, it is intended that the limited partners will fund their share of such investments and such loan shall be repaid following a Fund’s initial

closing. By executing a Fund's partnership agreement, limited partners will consent to such transfers notwithstanding such conflict of interest (or any such decline in value).

**Long-Term Investment.** An investment in a Fund is a long-term commitment and there is no assurance of any distribution to the limited partners. On the contrary, save for certain tax distributions (more particularly described in a Fund's partnership agreement), the general partner shall have sole discretion as to whether and when to make distributions (in cash or in kind) to limited partners, and any such distributions shall be subject to the order of priority and other terms specified in such partnership agreement. Under rules set forth in a Fund's partnership agreement, a Fund's general partner may extend the Fund's period of liquidation to resolve outstanding obligations of the Fund. In particular, when selling or similarly disposing of portfolio securities, a Fund may (as a commercial matter) be required to undertake tax or other indemnification obligations with terms extending beyond the ordinary term of a Fund, with the result that a Fund may retain assets during an extended liquidation period to help ensure satisfaction of such obligations before a Fund's final termination.

**Competition.** The venture capital business is highly competitive, and has become more so in recent years due to a substantially increased flow of capital into venture capital funds and similar investment organizations. A Fund and its general partner will be competing with other established funds and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period. There can be no assurance that a Fund will be able to make investments on attractive terms, and it is possible that a Fund's term will expire before the Fund has invested all of its available capital.

**Changes in Environment.** A Fund's investment program is intended to extend over a period of years which may be indefinite or in perpetuity, during which the business, economic, political, regulatory, and technology environment within which the Fund operates is expected to undergo substantial changes, some of which may be adverse to the Fund. A Fund's general partner will have the exclusive right and authority (within limitations set forth in a Fund's partnership agreement) to determine the manner in which a Fund shall respond to such changes, and limited partners generally will have no right to withdraw from a Fund or to demand specific modifications to a Fund's operations in consequence thereof. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by members of a Fund's general partner in the past may not be successful, or even practicable, during a Fund's term, and may significantly evolve, as determined by the general partner. Within the limitations set forth in a Fund's partnership agreement, a Fund's general partner will have the right and authority to cause the Fund's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in the Organizational Documents.

**Broad Investment Authority of the Adviser and a Fund's General Partner.** A Fund's investment sourcing, selection, management and liquidation strategies and procedures may deviate from those described in its Organizational Documents for a variety of reasons including changes in the external environment within which a Fund operates as well as challenges and opportunities faced by a Fund's portfolio companies. Subject only to the limits set forth in a Fund's partnership agreement, the Adviser and a Fund's general partner will have broad authority to implement, expand, contract, adapt and otherwise modify a Fund's investment sourcing, selection,

management and liquidation strategies and procedures in such manner as the general partner determines to be appropriate.

**Reliance on Individual Members of the General Partner.** Each Fund will be particularly dependent upon the efforts, experience, contacts and skills of the individual members of a Fund's general partner. There can be no assurance that such individuals will continue to be members of a Fund's general partner throughout the life of a Fund. The loss of any such individual could have a material, adverse effect on a Fund, and such loss could occur at any time due to death, disability, resignation or other reasons. Moreover, except as specifically provided in a Fund's partnership agreement, the members of a Fund's general partner will not be required to devote their time and attention exclusively to any Fund. Additional members may be admitted to a Fund's general partner following a Fund's initial or final closing and the limited partners will have no power to prevent any specific person from being admitted to a Fund's general partner as a member thereof. Within a Fund's general partner, the economic, voting and other rights of the individual members of the general partner will be determined by agreement among such members and will be subject to change, without notice to the limited partners, from time to time. The limited partners will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by a Fund's general partner in making decisions. Except as specifically set forth in a Fund's partnership agreement, a Fund's general partner will have the exclusive right and power to manage a Fund's business and affairs.

Individuals that are members of a Fund's general partner and that are residents outside the United States may be legally (or, for tax, regulatory or other reasons, practically) prohibited from providing certain types of benefits to a Fund or participating in the making of investment decisions. It is specifically anticipated that certain foreign-resident members of a Fund's general partner may be excluded from certain functions within the general partner in order to minimize the regulatory compliance obligations of the general partner and its affiliates. Accordingly, prospective investors must not rely upon any specific contributions from such foreign-resident members.

Any prior experience that members of a Fund's general partner may have in making investments of the type expected to be made by a Fund necessarily was obtained under different market and economic conditions and as part of a different investment team. There can be no assurance that members of a Fund's general partner will be able to duplicate prior levels of success.

A Fund's general partner may appoint or admit certain persons to "advisory" or other committees or boards intended to assist the general partner or a Fund by providing insights, advice or assistance regarding such diverse matters as technology, macro trends in economics, markets, product development, and other fields, industry contacts, deal flow, diligence, technical evaluations, portfolio company mentoring, service on portfolio company boards, personnel recruiting, or other matters. Under most circumstances, such persons will have no contractual or other obligation to continue as members of such committees or boards or to provide any particular insights, advice, assistance or other benefits. In evaluating an investment in a Fund, prospective investors must not depend upon any specific benefits accruing to the Fund's general partner or the Fund in respect of any such advisory or other committees or boards or the members thereof. Similar considerations apply to persons identified as entrepreneurs-in-residence, fellows, executives-in-residence, operating partners, venture partners or advisors, who generally will have no obligation to provide any particular insights, advice, assistance or other benefits to a Fund's general partner or a Fund.

Moreover, prospective investors are particularly cautioned against relying upon the continued participation of any person identified as an entrepreneur-in-residence, fellow, executive-in-residence, operating partner, venture partner, advisor or by any similar title. The relationships identified by such titles frequently are short-term in nature and such persons are generally not members of a Fund's general partner.

The Adviser expects to organize "affiliates" or "side" funds (each, a "Side Fund") that will accept capital commitments from potentially strategic or helpful individuals or organizations ("Side Fund Investors"), and co-invest with a Fund in the manner set forth in a Fund's partnership agreement. Side Fund Investors may provide insights, advice or assistance of the same types described in the preceding paragraph, and may be permitted to invest in the applicable Side Fund with a lower fee or carry burden than is borne by investors in a Fund, or on other preferential terms. Nevertheless, Side Fund Investors generally would have no contractual or other obligation to provide any actual insights, advice, assistance or other benefits to a Fund's general partner or a Fund. Accordingly, prospective investors in a Fund must not rely upon Side Fund Investors for any purpose in connection with a prospective investment in a Fund. Furthermore, limited partners will have no right to participate in any Side Fund.

Certain individuals that are members of a Fund's general partner or that are otherwise involved in the Fund's management or have an economic interest in the management fee and carried interest payable by the Fund, are expected to conduct their affairs (including, without limitation, their participation in the general partner) through one or more wealth management, estate planning, tax planning, liability limiting or regulatory compliance entities. The use of such entities is expected to, among other potential consequences, limit the ability of the limited partners to obtain direct recourse against such individuals in the case of breach of any duty or obligation.

**Sequoia Capital is Not a Unitary Enterprise.** Consistent with usage common in the venture capital/private equity industry, the Organizational Documents reference Sequoia Capital as if it were a single "firm" or "enterprise." Prospective investors are cautioned that Sequoia Capital is not a unitary "firm" or "enterprise," but rather is a collection of related individuals and entities partially bound together by overlapping interests, activities and branding. Additionally, a Fund advised by Sequoia Capital may invest in one or more "Scout Funds," which in turn make investments in seed-stage companies. As discussed under "Reliance on Individual Members of the General Partner," prospective investors must look only to the actual members of a Fund's general partner for the management of a Fund, and many principal investment decisions of the Scout Funds will be made by non-managing members of the Scout Funds who are not themselves Sequoia Capital investment professionals (the "Scouts"). Other individuals and entities that are part of Sequoia Capital generally will have no authority to participate in the management of a Fund and no obligation to provide a Fund with any specific benefits, and no obligation (to a Fund's general partner or a Fund) to continue or expand any activities they previously engaged in. Moreover, such individuals and entities may be legally prohibited from providing certain types of benefits to a Fund and often will have duties and interests that conflict with those of a Fund. Accordingly, while it is anticipated that a Fund will derive some degree of benefit from being part of the Sequoia Capital family of entities, prospective investors must not rely upon any specific benefits and must not assume that any such benefits as do arise will have a material impact upon a Fund's performance.



**Expanding Scope of Sequoia Capital.** The family of related entities colloquially known as “Sequoia Capital” continues to expand in scope and range of activities. This creates increased opportunities for conflicts of interest and increased competition for the time, attention and investment opportunities of Sequoia Capital investment professionals and/or each Fund. It also creates increased opportunities for disputes, liabilities and other burdens on such investment professionals and/or each Fund. There can be no assurance of a net benefit to a Fund, and it is possible that the expansion of “Sequoia Capital” activities will yield a net detriment to a Fund.

**Reliance on Third Parties.** A Fund and its general partner will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, bankers, brokers, custodians, consultants (including “finders” and similar persons engaged to assist with the development and exploitation of portfolio deal flow, as well as “experts” and similar persons engaged to assist with the assessment of technologies, markets and other matters), administrators and various other persons or agents, including with respect to the launch and operational requirements inherent in the creation of a new investment platform such as a Fund. A Fund’s general partner and its affiliated management/advisory entities may also utilize the services of non-executive directors who provide such services on a professional basis and are not primarily part of any single venture capital firm. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to a Fund could have a material adverse effect upon the Fund. Except as otherwise provided in a Fund’s partnership agreement, the fees and costs associated with such third parties will be paid by the Fund.

**Reserves.** In managing a Fund, a Fund’s general partner will establish reserves for follow-on investments in portfolio companies, operating expenses (including management fees payable to the general partner), Fund liabilities and other matters. Estimating the amount necessary for such reserves will be difficult, particularly because follow-on investment opportunities will be directly tied to the success and capital needs of portfolio companies. As set forth in a Fund’s partnership agreement, a Fund’s general partner’s authority to cause a Fund to borrow will be limited, which will further increase the difficulty of estimating the proper size of reserves. Inadequate or excessive reserves could have a material adverse effect upon the investment returns to the limited partners. For example, if reserves are inadequate, a Fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with a “pay-to-play” or similar investment round. If reserves designated for operating expenses, Fund liabilities and other matters are excessive, a Fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts, which is expected to reduce the returns of the limited partners.

**Recycling Investment Proceeds.** Except as specifically set forth in a Fund’s partnership agreement, a Fund’s general partner will have broad authority to “recycle” investment proceeds (e.g., cash received upon sale of portfolio securities) for Fund purposes such as new investments and payment of Fund expenses. While the practice of recycling investment proceeds can have many benefits (such as enabling a Fund to more broadly diversify its portfolio and providing a cushion against cash shortfalls), the authority to recycle investment proceeds effectively increases the amount of capital available to a Fund’s general partner in managing a Fund (i.e., it effectively increases a Fund’s “size”). Moreover, especially in light of a Fund’s limited term, the use of recycled proceeds can create conflicts of interest, such as an incentive on the part of a Fund’s

general partner to cause a Fund to make additional, non-marketable investments late in a Fund's term (e.g., for the purpose of enhancing a Fund's IRR, mitigating the risk or size of any general partner claw-back obligation, or to maintain investment activities during a period when it is difficult to raise a successor fund). This, in turn, could make it difficult for limited partners to deny general partner requests for an extension to a Fund's term. Recycling investment proceeds typically would result in delayed or reduced distributions to the limited partners in respect of recycled amounts, and may incentivize a Fund's general partner to seek taxable cash exits for certain portfolio securities in lieu of distributing such securities in kind. More generally, the practice of recycling investment proceeds tends to enhance competition and other conflicts of interest among affiliated (but non-parallel) funds related to a Fund's general partner because earlier-formed and later-formed funds may simultaneously seek to participate in the same investment opportunities or to become co-investors or cross-investors in the same portfolio companies.

**Special Rules for the Benefit of Certain Classes of Limited Partners.** It is expected that a Fund's partnership agreement will contain rules and guidelines for the benefit of specific classes of limited partners (including as applied on a look-through basis to investors participating in the Fund indirectly through their interest in Sequoia Capital funds), such as limited partners subject to ERISA (or an equivalent thereof) or various laws regarding the public disclosure of information. Each of these rules and guidelines will have the potential to (i) constrain the investment or investment-related activities of a Fund, (ii) prevent a Fund from taking advantage of certain investment acquisition or disposition opportunities, (iii) require that a Fund utilize complex investment structures that add cost or risk, (iv) expose a Fund to adverse consequences resulting from the disclosure of otherwise confidential information, or (v) otherwise subject a Fund to material restrictions, burdens, obligations or costs. The costs and other detriments associated with the operation of these rules and guidelines generally will not be specially allocated to the limited partners that benefit from these rules and guidelines. Each prospective limited partner is urged to carefully consider the impact of these rules and guidelines upon its investment in a Fund.

**Relationship with General Partner Affiliates.** There is no assurance that a Fund will be offered any specific investment opportunities that come to the attention of a Fund's general partner or that a Fund will be permitted to invest the full amount it desires to invest in any such opportunity that is made available. In general, the apportionment of investment opportunities among affiliates of a Fund's general partner will be subject to the general partner's discretion.

**Governmental Plan Ethics Agreements.** The Adviser (acting on behalf of a general partner or a Fund) may enter into one or more agreements that have, as their principal purpose, the prevention, minimization, disclosure, monitoring or remedy of corruption or other unethical or inappropriate behavior in connection with any investment in, or other dealings with, a Fund by a governmental or quasi-governmental agency (such as a retirement plan for governmental or quasi-governmental employees). No prevailing market standard for such agreements exists, and it is possible that any such agreement may provide a governmental or quasi-governmental limited partner with rights or preferences (e.g., withdrawal rights) that are not available to other limited partners and may, under certain circumstances, be contrary to the best interests of a Fund. Such agreements will be disclosed only to those actual or potential limited partners that have separately negotiated with a Fund's general partner for the right to review such agreements.

**Distributions in Kind.** In lieu of cash distributions, a Fund may distribute portfolio company securities to its investors. Except as specifically provided in a Fund’s partnership agreement, such distributions will be made solely at the discretion of a Fund’s general partner.

Distributed securities may be subject to a variety of legal or practical limitations on sale. Such securities may experience periods of limited liquidity, price volatility or a decline in market value. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the investors without such sales triggering a price decline which makes it difficult or impossible for all investors to sell such securities at the distribution price. The ability of the limited partners to liquidate positions in such securities is subject to these risks, and limited partners must be prepared to hold such securities for an extended period of time. The value of the securities distributed may increase or decrease before such securities are sold, and such limited partner will incur transaction costs in connection with the sale of any such securities. The risk of loss and delay in liquidating these securities will be borne by the limited partner, with the result that such limited partner may ultimately receive less cash than it would have received if it had been paid in cash. Nevertheless, the distribution price of such securities will be established under the provisions of a Fund’s partnership agreement and will not be adjusted to reflect actual sale prices obtained by the investors.

Investors receiving distributions in kind (i) would generally become direct interest holders in portfolio companies, (ii) would typically hold only minority interests without meaningful governance rights, (iii) have relatively little access to portfolio company information, and (iv) might be unable to protect their interests effectively.

**Freedom of Information/Sunshine Laws.** Under “freedom of information,” “sunshine,” “public records” and similar laws, certain governmental or other regulated entities such as state universities and pension funds may be required to publicly disclose confidential information regarding a Fund or its portfolio companies, notwithstanding contractual obligations (such as those contained in a Fund’s partnership agreement) to the contrary. Any such disclosure could have a material adverse effect upon a Fund or its portfolio companies, and could even expose a Fund, a Fund’s general partner or the members of a Fund’s general partner to claims for damages brought by portfolio companies or other persons related thereto. A Fund’s partnership agreement will not prohibit such entities from being admitted to a Fund (and such entities may be required to disclose certain information about the Fund), but they may be expelled by a Fund’s general partner at any time. Additionally, a Fund’s general partner may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such limited partner, as more fully described in a Fund’s partnership agreement.

**Concentration of Investments.** A Fund’s portfolio may become concentrated in a limited number of companies in certain high technology or other industries, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified. There are generally no limitations in a Fund’s partnership agreement on the amount of the Fund’s capital commitments that can be invested in a single portfolio company. In addition, in certain cases, a Fund may acquire majority or greater interests in portfolio companies, which could further increase the vulnerability of the portfolio.

**Functional Currency.** The functional currency of each Fund will be United States dollars. Capital commitments of the investors, capital contributions, and distributions of cash generally will be stated, made or payable in United States dollars. An investor whose functional currency is not United States dollars will bear substantial risks associated with fluctuating currency exchange rates, particularly with regard to capital contributions that may not become due for several years.

**Non-United States Investments.** Certain Fund's are expected to invest in securities of non-United States portfolio companies. Such investments may present a variety of risks not presented by investments in United States portfolio companies, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting and financial reporting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) social, economic and political instability; (vii) nationalization or expropriation of assets or confiscatory taxation; (viii) governmental decisions to discontinue support or economic reform programs generally and to impose centrally planned economies; (ix) dependence on exports and the corresponding importance of international trade; (x) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets; (xi) higher rates of inflation; less extensive regulation of the securities markets, (xii) longer settlement periods for securities transactions; (xiii) less developed corporate laws regarding fiduciary duties and the protection of investors and (xiv) multiple taxing jurisdictions.

Even those portfolio companies that nominally are United States portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant non-United States risks due to the increasingly international nature of many young/emerging stage companies (which may, for example: (i) rely upon international location or outsourcing of research, development, manufacturing or other operations; (ii) seek alliances with non-United States partners; or (iii) seek non-United States customers).

Any adverse change to the political, economic, military or social environments in the host countries of a Fund's portfolio companies could have a significant adverse effect upon the operations or financial performance of a Fund.

**Foreign Accounting, Disclosure and Regulatory Standards.** Accounting, auditing, financial and other reporting standards, practices and disclosure requirements in non-United States countries in which a Fund may invest are not equivalent to those in the United States and may differ in fundamental ways. Accordingly, less (or less accurate) information may be available to limited partners. The securities laws, corporate laws, and accounting laws and standards in such countries are continuously evolving, and the ability of regulators to promulgate and enforce rules regulating market practices is uncertain. There can be no assurance that foreign regulations promulgated in the future will not adversely affect a Fund or that any regulations facilitating investment will be continued or adopted in the future.

**Ability to Enforce Foreign Legal Rights.** Because of differences in laws, and the varying effectiveness of judicial systems, in non-United States countries in which a Fund may invest, a Fund (or any portfolio company) may have difficulty in successfully pursuing claims in the courts of such countries, as compared to the United States. Furthermore, to the extent that a Fund or a

portfolio company obtains a judgment but is required to seek its enforcement in the courts of such other countries, there can be no assurance that meaningful enforcement will be available.

**Service on Boards of Directors, Material Non-Public Information, Etc.** Individual members of a Fund's general partner may serve as officers or directors of portfolio companies. In their capacity as officers or directors (or even simply by virtue of a Fund's status as a significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties which adversely affect a Fund. For example, a Fund may be unable to sell or otherwise dispose of portfolio securities if a member of the Fund's general partner is in possession of material, non-public (i.e., "inside") information relating to the issuer thereof. Nevertheless, a Fund's partnership agreement will not preclude members of a Fund's general partner from serving as officers or directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies. Conversely, a Fund's partnership agreement will not require that members of a Fund's general partner or a Scout serve as officers or directors of portfolio companies, and there can be no assurance that a Fund's general partner or a Scout will have a legal right to influence the management of any portfolio company or companies.

Neither a Fund's general partner nor the Scouts will seek control over the management of the portfolio companies in which a Fund or a Scout Fund invests, and the success of each investment generally will depend on the ability and success of the management of the portfolio company. Unlike many venture capital or private equity funds, a Fund typically will not have the right to designate a member of the board of directors of Fund or Scout Fund portfolio companies, with the result that other investors are expected to have more influence in decisions made by and affecting such companies. The mere fact that a Fund's general partner or a Scout disagrees with decisions made by other investors in a Fund or Scout Fund portfolio company likely will not trigger any particular ability of the Fund or a Scout Fund to dispose of its investment in such portfolio company, with the result that the value of the Fund's indirect investment in such a portfolio company may be materially impacted by the decisions of other investors.

In general, if there is a conflict between the fiduciary duties of a Fund's general partner or a member thereof to a portfolio company and such person's fiduciary duties to a Fund or its limited partners, such person's fiduciary duties to the portfolio company will prevail.

**Complex Investment Products and Structures.** While many of the investments made by a Fund are expected to consist of simple cash purchases of portfolio company preferred stock, a Fund's general partner will have broad authority to cause a Fund, directly and indirectly, to acquire, hold and dispose of more complex investment products and to acquire, hold and dispose of investment products through complex investment structures. Investment products and structures may include, without limitation, debt instruments (bridge, convertible or non-convertible), common stock, preferred stock, warrants, calls, SAFEs, SAFTs, SAFT-Es, interests in joint venture/syndication holding vehicles, securities that are subject to mandatory redemptions, calls, conversions or similar transactions at the option of issuers or other third parties, interests in fund-type vehicles, depository and similar certificates/interests, cryptocurrencies and related investment products, notional principal contracts and other derivative interests, and securities that may become traded (if ever) exclusively on non-United States exchanges. Each of these investment products and structures will carry with it unique risks and considerations. Except to the very limited extent set forth in a Fund's partnership agreement, limited partners will have no right to review or approve any such products

and structures and will be entirely dependent upon the business judgment of a Fund's general partner.

**Investments in Other Venture Capital/Private Equity Funds.** A Fund's general partner will be authorized to cause a Fund to invest in other investment funds. It is anticipated that a Fund, if it so invests, may be a purely passive investor in such funds, with little or no right to vote upon or otherwise control the activities of such funds. In addition, the managers of such funds may be entitled to receive management fees, carried interests or other forms of compensation in respect of such funds. In general, there will be no reduction in the management fees payable to, and carried interest of, a Fund's general partner with respect to the portion of a Fund's capital that is invested in such funds and the limited partners will therefore be required to bear two layers of management fee, carried interest and fund expenses.

In certain cases, a Fund, its general partner or affiliates of its general partner may participate in the control or operations of a fund into which a Fund invests. In any such case, such participation may trigger restrictions or other burdens upon the Fund's own investment activities due to applicable law, confidentiality obligations or other reasons.

**Effect of Substantial Redemptions from a Liquid Portfolio.** Substantial redemptions from a portfolio of public equity securities that consists primarily of Adviser portfolio companies and cash required for operating purposes (a "Liquid Portfolio") could be triggered by a number of events, including, without limitation, unsatisfactory performance, events that affect macroeconomic conditions or public markets, significant change in personnel or management of a Fund's general partner, legal or regulatory issues that investors perceive to have a bearing on a Liquid Portfolio or any other events. Actions taken to meet substantial redemption requests with respect to a Liquid Portfolio could result in prices of the assets held by a Liquid Portfolio decreasing and in partnership expenses increasing (e.g., transaction costs and the costs of terminating agreements). The overall value of a Liquid Portfolio may also decrease because the liquidation value of certain assets may be materially less than their cost or mark-to-market value. Substantial redemptions could also significantly restrict a Fund's ability to obtain financing needed for its investment strategies, which would have a further material adverse effect on a Liquid Portfolio's performance and a Fund's ability to meet its funding obligations. If a Fund experiences significant redemptions from a Liquid Portfolio, it may not be able to accomplish its objectives and may dispose of its investments at a disadvantageous time. There can be no certainty regarding a Fund's ability to consummate investments or exit opportunities after substantial redemptions.

**Illiquidity and Redemption Rights.** A Fund's general partner will have the discretion to satisfy any redemption request in cash and/or securities and may exercise that discretion on a non-pro rata basis as between multiple limited partners who have made redemption requests. In addition, limited partners should not expect to receive a distribution of particular securities in satisfaction of their redemption requests. To the extent a Fund's general partner determines to satisfy a redemption request by way of a distribution of securities, such securities may experience periods of limited liquidity, price volatility or a decline in market value in the hands of the limited partner. The ability of the limited partners to liquidate positions in such securities is subject to these risks, and limited partners must be prepared to hold such securities for an extended period of time. The value of the securities distributed may increase or decrease before such securities are ultimately

sold, and such limited partner will incur transaction costs in connection with the sale of any such securities.

A Fund will not be required to dispose of investments, borrow funds, cease making investments, reduce reserves, jeopardize the general investment structure of any Fund or take any other action in order to satisfy redemption requests. For example, a Fund's general partner may decline to satisfy a redemption request in full or in part to the extent a Fund's general partner determines that such a redemption may leave a limited partner unable to satisfy their share of a Fund's capital commitment or other expenses in respect of a Fund. In addition, redemption requests will be limited if the withdrawal would otherwise subject a Fund to becoming "plan assets" subject to ERISA. A Fund's general partner may, in its sole discretion and at any time, suspend the right of all limited partners to make redemptions with respect to their liquid portfolio account balance or reduce the amount that may be redeemed. Additionally, a Fund's general partner has broad authority to move assets from a limited partner's liquid portfolio account balance to such limited partner's illiquid account balances, which would reduce the amount that is available to be redeemed by such limited partners.

**Risks Associated With Digital Asset Investments.** A portion of a Fund's assets is expected to be invested in cryptocurrencies, decentralized application tokens, protocol tokens and other cryptofinance coins, tokens and digital assets and instruments that are based on blockchain, distributed ledger or similar technologies (collectively, "Digital Assets"). Investments in Digital Assets are subject to many specialized risks and considerations, including risks relating to (i) technology, (ii) security, (iii) regulation, (iv) user/market acceptance, (v) volatility and (vi) timing. Digital Assets also pose risks around custody, which include, without limitation, the lack of FDIC insurance for digital asset holdings, the reliance on an exchange or custodian to store the digital assets, and the absence for certain digital assets of any "qualified custodian" (as defined in Investment Advisers Act Rule 206(4)-2) willing to provide custody for such assets.

While Digital Assets and their networks have been and are experiencing rapid technological development, such development may not continue at its current rapid pace. There can be no assurance that all material vulnerabilities in the technology associated with a particular Digital Asset and its associated networks will be identified and addressed prior to a Fund's investment in such Digital Asset. Digital Assets exchanges continue to be especially susceptible to service interruptions or permanent cessation of operations due to many reasons, including fraud, technical glitches, hackers, malware or governmental regulation or other intervention. In particular, a breach of the security procedures used by a Fund or its third-party custodians, if any, could result in an uninsured loss of the entirety of a Fund's investment in a Digital Asset. Any failure of technologies associated with Digital Assets or their networks could have a material adverse effect on a Fund's investments and investment opportunities.

A Digital Asset is often controllable only by the possessor of unique private keys relating to the addresses in which the Digital Asset is held. The theft, loss or destruction of a private key required to access a Digital Asset may be irreversible, and any such private key would not be capable of being restored by a Fund. Any loss of private keys relating to digital wallets used to store a Fund's Digital Assets could result in the loss of such Digital Assets, and a limited partner could incur substantial, or even total, loss of capital.

A Fund may invest, directly or indirectly, in initial coin offerings (“ICOs”). ICOs allow for investors to purchase certain Digital Assets offered or created by blockchain based companies on various platforms in exchange for dollars or already established Digital Asset, which can then be converted to dollars on a Digital Asset exchange. Prior to an ICO, many blockchain based companies offer presale tokens or similar Digital Assets. Presale tokens or Digital Assets may be sold or used to buy additional tokens or Digital Assets at a later point in time for a potentially higher value. A Fund may invest in all stages, including presale rounds of ICOs. ICOs and various token presales are currently unregulated and are subject to fraud, security breaches, regulatory developments, enforcement actions, and technological developments. There is no guarantee that the token or currency purchased will have any value or worth. ICOs can at any point become subject to federal, state and other securities laws, federal commodity laws, and various international regulations, among other restrictions. Such restrictions may have an adverse impact on a Fund’s assets or on a Fund’s ability to sell its assets. As investors can purchase new tokens with already existing Digital Assets, investments in ICOs and presales subject a Fund to all risks associated with Digital Assets in general.

Digital Assets are not legal tender in the United States, and federal, state or foreign governments may restrict the use and exchange of Digital Assets at any time. Digital Assets have attracted the attention of U.S. regulatory agencies, and future regulation is likely. Various jurisdictions have or may, in the near future, adopt laws, regulations or directives that affect Digital Assets and parties that come into contact with such assets. Such laws, regulations or directives may negatively impact a Fund in a variety of ways, including increasing the compliance burden of a Fund and its related parties or diminishing the value of a Fund’s investments in Digital Assets. To the extent that new regulations are imposed, or regulatory authorities find ways to apply existing regulations to Digital Assets in unanticipated ways, a Fund’s investments may be materially adversely affected. Further, the taxation of Digital Assets is uncertain in many jurisdictions, and those jurisdictions that have formulated a position have reached varying (and continuously evolving) conclusions. A discussion of varied tax treatments of Digital Assets is outside the scope of this discussion. In addition, due to the unique nature of Digital Asset investments and the difficulty in confirming ownership of such investments, direct or indirect investments in Digital Assets by a Fund could result in delays in the issuance of financial opinions by a Fund’s auditors or in the qualification, in whole or in part, of such opinions.

In their short history, Digital Asset values have experienced extreme price volatility that may continue in the future. Historical price increases in Digital Assets provide no assurance of future results. The value of Digital Assets also will be affected by the worldwide acceptance or rejection of Digital Assets. In particular, problems with the supply of Digital Assets, security flaws (or perceived security flaws), difficulties with converting Digital Assets to fiat currencies, and concerns that Digital Assets may disproportionately facilitate criminal activities may negatively affect the acceptance, growth and development of Digital Assets. For example, the exchange rate of Bitcoin into U.S. dollars has been very volatile, including dropping by more than 50 percent in a single day. To the extent a Fund holds specific investments in Digital Assets, the value of those investments also may be volatile and subject to impairment, and such investments may lose their entire value.

Some of the markets in which a Fund may effect Digital Asset transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the same



credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC Digital Asset transactions. This exposes a Fund to the risk that a counterparty will not settle a Digital Asset transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Fund to suffer a loss. A Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of a Fund’s Digital Assets transactions with one counterparty. The ability of a Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Fund in Digital Assets investments.

In addition, it is difficult to predict the extent of the impact that recent bankruptcies of, and the financial distress experienced by, certain key participants in the Digital Assets industry will have on the industry as a whole. Specifically, there have been recent instances of fraud on a broad scale within the Digital Assets industry and such events are likely to lead, at least in the immediate term, to a decrease in the trust placed in Digital Assets, and as a result, any participants in the Digital Assets industry, by investors and, therefore, to additional significant volatility in an already very volatile market. To the extent these trends continue, a Fund’s investments in Digital Assets, or any participants in the Digital Assets industry, would be expected to be subject to material decreases in value, which in turn would be expected to adversely affect the Fund and its returns.

Finally, prospective investors should be aware that the risks discussed above also may apply to any investment by a Fund in a portfolio company that is focused, directly or indirectly, on the cryptocurrency industry. For a discussion of risks associated with investing in portfolio companies generally, see “Risks Associated with Portfolio Investments.”

**The United Kingdom’s Exit from the European Union.** Following the UK’s withdrawal from the EU (“Brexit”), the UK and the EU entered into a free trade agreement on January 1, 2021 that became effective in May 2021 to govern their future relationship on a number of areas (the “Treaty”). Although the EU and the UK agreed the Treaty, trade in goods and services between the UK and the EU has been disrupted through the imposition of new customs checks and processes at the border. The UK’s departure from the customs union and the single market has rendered its access to EU markets significantly more restricted than it has been until now.

The Treaty does not cover the UK’s future relationship with the EU on financial services. The EU and the UK have agreed on a memorandum of understanding establishing a framework for regulatory cooperation in financial services, which does not include a new framework for mutual market access. While some EU directives contemplate access to EU markets by financial services firms established in countries deemed to have equivalent standards, even if UK domestic law continues to be equivalent to EU law (which is not guaranteed), there is no certainty that the EU will facilitate equivalence decisions. Where the EU makes such equivalence decisions, it may unilaterally revoke them at short notice. It is therefore expected that there will be disruption in all areas in which there is currently harmonizing EU legislation, because the current legal framework has ceased to apply to the UK with nothing to replace it unless and until the UK negotiates alternative arrangements with the EU and/or with individual member states.

The future application of EU-based legislation to the private fund industry in the UK will depend on the territorial scope of a Fund's operations and the actions of the UK government. Any re-negotiated terms or amended laws and regulations may have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives. Brexit has resulted and is expected to continue to result in significant market dislocation (including increased uncertainty and volatility in the UK and EU financial markets, heightened counterparty risk, increased illiquidity of investments located or listed within the UK or the EU, an adverse effect on the management of market risk and increased legal, regulatory or compliance burden for a Fund's general partner, limited partners, and/or a Fund, each of which would likely have a negative (and potentially material) impact on the operations, financial condition, returns or prospects of a Fund.

Brexit may also have an adverse effect on the tax treatment of a Fund and its investments, in particular where reliance might have been placed on a UK entity's status as being in an EU member state for the purposes of determining eligibility for benefits under a double tax treaty. There may also be an adverse effect on the tax treatment of a Fund and its investments following the end of the transition period. In particular, depending on the agreed future application of EU law to the UK, EU directives preventing withholding taxes being imposed on intra-group dividends, interest and royalties no longer apply to payments made into and out of the UK, meaning that instead, the UK's double tax treaty network with EU member states would need to be relied upon. Further, there may be change to the operation of value-added tax (VAT). While the most immediate impacts on corporate transactions will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement may have an adverse impact on transactions, particularly those occurring in, or impacted by conditions in, the UK and elsewhere in Europe.

**LIBOR Replacement Risk.** Payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may be tied to floating rates, such as the London Interbank Offered Rate ("LIBOR"). In 2017, the UK Financial Conduct Authority ("FCA") announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies (e.g., the Secured Overnight Financing Rate for U.S. dollar LIBOR and the Sterling Overnight Interbank Average Rate for GBP LIBOR). Various financial industry groups have been planning for the transition away from LIBOR, and markets are developing in response to these new rates, but questions around the liquidity of the new rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on the Funds. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR. The transition may also result in a reduction in the value of certain LIBOR-based investments held by the Funds or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen

effects, could result in losses for the Funds. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time.

**Legislative and Regulatory Concerns.** Each Fund and the Adviser and its affiliates may be subject to a variety of securities laws and other types of governmental regulation in the United States and other jurisdictions (including the Cayman Islands) that may limit the scope of its operations or impose material compliance costs and other burdens. Such laws and regulations are subject to change at any time.

Investors will be subject to the risk that changes to the tax law may adversely affect the U.S. federal income tax consequences of their investment in a Fund. Changes in existing tax laws or regulations and their interpretation may occur after the date of the Organizational Documents, possibly with retroactive effect, and could alter the income tax consequences of an investment in a Fund. While it is not possible to predict whether and when any such changes will occur and the extent to which any such changes will adversely affect a Fund, these changes, including related uncertainty, could materially and adversely affect a Fund, its investments and its ability to identify suitable investments.

**Limited Access to Information.** The rights of limited partners to information regarding a Fund and its portfolio companies will be specified, and strictly limited, in a Fund's partnership agreement. In particular, it is anticipated that a general partner will obtain certain types of material information that will not be disclosed to limited partners. For example, a Fund's general partner may obtain information regarding portfolio companies (e.g., via members of the general partner serving as advisors to, or officers/directors of, portfolio companies) that is material to determining the value of securities issued by such portfolio companies. Such information may be withheld from limited partners in order to comply with duties to such portfolio companies or otherwise to protect the interests of such portfolio companies or a Fund.

Decisions by a Fund's general partner to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example: (i) a limited partner that seeks to sell its interest in a Fund may have difficulty in determining an appropriate price for such interest; (ii) decisions by a Fund's general partner to withhold information may make it difficult for limited partners to subject the general partner to rigorous oversight; and (iii) each communication from a Fund's general partner to one or more limited partners must be interpreted in light of the realistic possibility that the general partner is in possession of undisclosed information relating to a Fund or its portfolio companies that could be material to a comprehensive assessment of such communication. Overall, prospective investors should not expect a Fund to be operated with the same degree of "transparency" as a publicly traded corporation.

**Industry Specific Terminology.** Investors are cautioned that certain terms and phrases of common usage within the venture capital industry may be misleading to those unfamiliar with such usage. In particular, individuals who participate in the management of a fund often are referred to, in a colloquial sense, as "general partners" even though they are not actually general partners of any partnership. Investors are reminded that each Fund will be a limited partnership, that the general partner of each Fund will be a limited partnership with a limited company as its sole general partner, and that the individuals directing the management of each Fund through the general partner will be officers/directors of such limited company. Prospective investors must not

presume or rely upon the existence of any actual legal entities other than a Fund, its general partner and the general partner of its general partner. With respect to all matters involving industry specific terminology, prospective investors are urged to consult with their own legal and other advisors.

**Cybersecurity Breaches.** The information and technology systems of Sequoia Capital, each Fund and their respective service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Sequoia Capital has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Sequoia Capital, a Fund and / or a service provider may have to make a significant investment to fix or replace such systems. The failure of these systems for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners. Such a failure could harm the reputation of Sequoia Capital, a Fund and their respective service providers, subject any such entity and their respective affiliates to legal claims, regulatory enforcement and otherwise affect their business and financial performance.

In addition, the SEC's Division of Examinations has issued risk alerts regarding cybersecurity and the prevention of ransomware attacks, which remain one of its key examination priorities. In early 2022, the SEC voted to propose rules related to cybersecurity risk management for registered investment advisers, registered investment companies and business development companies, as well as amendments to certain rules that govern investment adviser and fund disclosures. The proposed rules would require advisers and funds to adopt and implement written cybersecurity policies and procedures designed to address cybersecurity risks that could harm advisory clients and fund investors. The proposed rules also would require advisers to report significant cybersecurity incidents affecting the adviser or its fund or private fund clients to the SEC on a new confidential form. If adopted, even with modification, these proposed rules would be expected to significantly increase compliance burdens, thereby increasing the costs and expenses charged to a Fund and its limited partners. They could also increase the risk of Sequoia Capital's exposure and the exposure of a Fund to additional regulatory scrutiny and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect Sequoia Capital's and a Fund's reputation, and to negatively impact a Fund in conducting its business.

**Risks Associated with the Scout Fund Structure.** While a Fund's general partner is expected to retain rights to approve or disapprove investments as general partner or managing member of each Scout Fund, prospective investors should assume that the principal investment decisions of the Scout Funds will be made by the Scouts. Thus, prospective investors generally should not expect investments made through the Scout Funds to benefit from the expertise, influence and assistance of Sequoia Capital investment professionals to the same extent that other Sequoia Capital funds benefit from such expertise, influence and assistance. Instead, prospective investors should expect that the success of portfolio company investments made through the Scout Funds generally will depend primarily on the ability and success of the Scouts.

**“Learning” Investments.** A Fund’s general partner may be authorized to cause a Fund to make a limited number of investments for the principal purpose of seeking information, “learning,” insights or exposure to emerging technologies/business models, rather than for the principal purpose of seeking income or gain directly from such investments. The ultimate benefits, if any, of such information, “learning,” insights or exposure may rest primarily or exclusively with a Fund’s general partner, related persons, or other funds, notwithstanding that the underlying investments were made by a Fund.

**Separate Carried Interest Waterfalls.** Under detailed provisions set forth in certain Funds’ partnership agreements, investments made by certain Funds will be subject to different carried interest rates based upon whether they are investments in the portfolio securities of a portfolio company, investments in Scout Funds or investments in other Fund or other investment funds. In addition, a Fund’s general partner will be permitted by certain Funds’ partnership agreements to adjust the carried interest applied in respect of a Scout Fund which has a carried interest allocation to its Scouts that differs from the initially expected 40 percent pool. Because different investments will be subject to different carried interest rates, a Fund’s general partner’s share of net losses associated with one investment may not fully offset the general partner’s share of net profits associated with a different investment. Within a limited range of investment performance, this could result in circumstances in which a Fund’s general partner is entitled to receive and retain carried interest distributions from a Fund, while the limited partners experience a net loss in respect of their total investment in a Fund.

**Affiliate Transactions.** A Fund may also, from time to time, enter into transactions with members or affiliates of the Fund’s general partner or other Sequoia Capital funds (including the Sequoia Capital hedge fund strategy). For example, another Sequoia Capital fund or management company may sponsor a special purpose acquisition company (“SPAC”) to acquire a portfolio company from a Fund or a Fund may sponsor a SPAC to acquire a portfolio company from another Sequoia Capital fund. Any of the aforementioned transactions may require the approval of a Majority-In-Interest of the limited partners under the terms of a Fund’s partnership agreement. Even if such approval has been obtained, actions may be taken by members or affiliates of a Fund’s general partner in connection with any such transaction that may or may not be adverse to a Fund. In addition, members or affiliates of a Fund’s general partner may also (i) serve on the board of a SPAC and (ii) be economically incentivized to participate in such transaction and receive carried interest, dividends, cash and non-cash transaction fees, consulting fees, break-up fees, advisory fees or other similar fees in connection with a transaction between a Fund on the one hand, and another Sequoia Capital investment vehicle on the other hand.

**A Fund May Not Benefit from Future Investment Opportunities Resulting from Strategic Investments.** A Fund could make strategic investments as determined by a Fund’s general partner that have the potential for generating future investment opportunities for the Fund and/or other Sequoia Capital funds, which investments could, for example, adversely impact a Fund’s ability to participate in other investments that would have been more advantageous to the Fund. Furthermore, a Fund could choose not to participate in such opportunities, if and when they arise, and such opportunities could be allocated in full to other Sequoia Capital funds.

**Litigation Risks.** A Fund will be subject to a variety of litigation risks, particularly in consequence of the substantial likelihood that one or more portfolio companies will face financial or other

difficulties during the term of a Fund's investment. For example, it is anticipated that individual members of a Fund's general partner (and, on occasion, Scouts) may actively assist portfolio companies in differing capacities (including, without limitation, by serving as officers, directors, or advisors). A Fund may also participate in portfolio company financings at implicit portfolio company valuations lower than the valuations implicit in preceding rounds of financing, vote portfolio company shares in a manner contrary to the interests of other shareholders, or be exposed to flow-through liability for portfolio company debts and obligations (e.g., under laws governing liability for environmental damage). In the event of a dispute arising from any of the foregoing activities (or other activities relating to the operation of a Fund or a Fund's general partner), it is possible that a Fund, the Scout Funds, a Fund's general partner, the members of a Fund's general partner or the Scouts may be named as defendants. Under most circumstances, a Fund will indemnify a Fund's general partner and its members, and the Scout Funds will indemnify the Scouts, for any costs they incur in connection with such disputes. Beyond direct costs, such disputes may adversely affect a Fund in a variety of ways, including by distracting a Fund's general partner and harming relationships between a Fund and its portfolio companies or other investors in such portfolio companies.

Investors should be aware that individual members of a Fund's general partner or its affiliated entities have initiated, been named as defendants or otherwise involved in numerous lawsuits, typically in their capacity as directors of portfolio companies of Sequoia Capital funds, and that several lawsuits are still pending. These lawsuits as well as additional lawsuits that may be initiated in the future may distract members of a Fund's general partner in the conduct of their duties on behalf of a Fund.

To the extent set forth in a Fund's partnership agreement, limited partners may be required to return distributions previously received by them from a Fund, including in order to enable a Fund to make indemnification payments (and in other circumstances set forth in a Fund's partnership agreement) to the Fund's general partner, its members or other indemnified persons.

More generally, limited partners may be required to return distributions previously received by them from a Fund to the extent required by applicable law. Such a return obligation may occur, for example, if a Fund makes a distribution at a time when it is technically insolvent or otherwise unable to satisfy the claims of creditors.

Overall, the multinational nature of a Fund and its related parties may make litigation more complex and costly, and may limit the effectiveness and/or enforceability of legal judgments.

**Data Privacy.** Some of the jurisdictions in which Sequoia Capital operates have laws and regulations relating to data privacy and information security, including the EU's General Data Protection Regulation ("GDPR"); the United Kingdom's Data Protection Act 2018 ("DPA18"); the California Consumer Privacy Act of 2018 ("CCPA"); the Data Protection Act (as revised) of the Cayman Islands; the Personal Information Protection Law promulgated in the People's Republic of China; the California Privacy Rights Act and Enforcement Act, effective January 1, 2023; the Virginia Consumer Data Protection Act, effective January 1, 2023; the Colorado Privacy Act, effective July 1, 2023; the Utah Consumer Privacy Act, effective December 31, 2023; and the Connecticut Personal Data Privacy and Online Monitoring Act, effective July 1, 2023. These laws can have broad territorial scope and impose stringent operational requirements on organizations

that collect, receive, use, store and disclose personal information. In particular, they require companies to provide detailed information to individuals describing how their data will be used, maintain an appropriate security program and grant individuals a range of rights in relation to their information – including to access, correct, delete and opt out of its sharing. Penalties for non-compliance can be substantial. The GDPR and DPA18 permit fines of up to the greater of GBP 20 million or four percent of an organization’s annual worldwide, whilst violations under the CCPA can lead to fines of USD 7,500 per violation and additional statutory damages of between USD 100 and USD 750 per individual can be awarded in respect of certain security incidents, with similar fines available under the other state privacy laws. To the extent applicable to Sequoia Capital (or the Funds), data privacy and information security laws in the U.S., Asia and across the world also continue to develop, which increases the risks and costs associated with the collection, handling, storage and sharing of personal information. In addition, the failure to comply with applicable laws and related contractual and legal obligations could result in further cost and liability for Sequoia Capital and a Fund, disrupt the operations and services they provide to Investors and damage their reputation with Investors, counterparties, regulators and the general public. Sequoia Capital will endeavor to maintain systems, processes and other compliance steps that promote compliance with CCPA and these other laws, both those adopted to date and those that may be adopted, but there can be no assurance that these steps will be effective in mitigating the business impact of individuals’ increased privacy rights or in avoiding fines or damages.

**Foreign Direct Investments.** The Committee on Foreign Investment in the United States (“CFIUS”) is an interagency body of the U.S. government authorized to evaluate risks to US national security posed by certain investments in the United States by non-U.S. persons. In addition, non-U.S. regulators also regulate foreign direct investment in non-U.S. jurisdictions, including to address national security considerations (all such laws and regulations, including those administered by CFIUS, “FDI Laws and Regulations”). Depending on the particulars of a given investment, a Fund may be obligated to take certain actions to address risk relating to FDI Laws and Regulations. These actions could include, among others, restrictions on limited partners whose participation may subject a Fund or its investments to the jurisdiction of CFIUS or another regulator, including voting restrictions. In the event that CFIUS or another regulator reviews an investment, that regulator could seek to impose mitigation measures, including conditions affecting the management or operation of an investment target. Furthermore, if CFIUS or another regulator were to determine that the identified national security risk cannot be adequately mitigated, the regulator could take action to seek to block the investment. Considerations related to FDI Laws and Regulations could affect the timing of investments and/or a Fund’s competitive position or ability to secure non-passive rights in respect of such investment.

**Coronavirus Outbreak Risks.** The ongoing 2019-nCoV (together with any variants, “Covid-19”) pandemic has resulted in significant disruption in global public and private markets and supply chains, and government restrictions put in place include the institution of quarantines, border closures, vaccine mandates, travel restrictions and closures of businesses, schools, courts and other public venues. These events have been evolving over the course of the pandemic and, at different points of time have had, and may continue to have, a material adverse effect on the economic environment as a whole, and in particular on businesses in the transportation, hospitality, tourism, entertainment and other similar industries. The full effects, duration and costs of the Covid-19 pandemic are impossible to predict, and the circumstances surrounding the Covid-19 pandemic will continue to evolve.

**Force Majeure Risk.** Portfolio companies may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, epidemic, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to the Funds or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company or the Funds of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to the Funds, including if their investment in such portfolio company is canceled, unwound or acquired (which could be without what the Fund considers to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Funds and their portfolio investments.

**Tax Reform Risks.** On December 22, 2017, P.L. 115-97 (the “Tax Act”), originally introduced in Congress as the U.S. Tax Cuts and Jobs Act, was enacted. There continues to be uncertainty regarding certain aspects of this law and its application, and the current administration has announced that it is contemplating further legislation that may result in significant changes to the Internal Revenue Code of 1986, as amended. In addition, under current law, capital gains in respect of a general partner’s right to Carried Interest will be subject to a three-year “holding period” in order to be classified as “long term capital gains,” while the corresponding holding period requirement with respect to capital gains that Fund investors are allocated is one year. This Carried Interest holding period requirement could affect investment decisions, including the timing and structure of dispositions and other realization events, and it could adversely impact returns for investors. For example, the holding period requirement may incentivize the general partner to cause a Fund to hold an investment for longer than three years in order for the general partner to obtain a preferential tax rate on Carried Interest, even if there are attractive realization opportunities prior to that time. Further, there are currently administrative and legislative proposals to further change the tax treatment of “carried interest” in ways that may be adverse to partners in the general partner. A general partner and the Adviser may take these potential adverse consequences into account in their management and operation of the Funds and in addressing these adverse consequences, the interests of the general partner and the Adviser, on the one hand, may diverge from the interests of the investors, on the other hand.

**Climate Change.** The Funds may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds’ business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Funds’ investments; indirect financial and operational impacts from disruptions to the operations of the Funds’ investments



from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

**Russian Invasion of Ukraine.** In February 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions) and subsequently the United States, United Kingdom and European Union announced sanctions against Russia. Given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

**Interest Rates.** A Fund may have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect a Fund. Over any defined period of time, a Fund's interest-bearing assets may be more sensitive to changes in market interest rates than the Fund's interest-earning liabilities, or vice versa. Factors that may affect market interest rates include, without limitation: inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the Board of Governors of the U.S. Federal Reserve System, international disorders and instability in domestic and non-U.S. financial markets. A Fund may periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, a Fund may not be able to manage this risk effectively. Failure to manage interest rate risk effectively could adversely affect a Fund's performance.

**Inflation.** Inflation is a sustained rise in overall price levels. Moderate inflation is associated with economic growth, while high inflation can signal an overheated economy. Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of a Fund's assets can decline). Inflation may pose a risk to investors because it can reduce savings and investment returns. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. Furthermore, wages, prices of inputs and borrowing costs increase during periods of inflation, which can negatively impact returns on investments. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Central banks, such as the U.S. Federal Reserve, generally attempt to control inflation by regulating the pace of economic activity. They typically attempt to affect economic activity by raising and lowering short-term interest rates. At times,

governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity; conversely, governments can attempt to combat deflation with tax cuts and increased spending designed to stimulate economic activity. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and a Fund's investments may not keep pace with inflation, which may result in losses to the Fund and its investors. Further, certain countries, including the U.S., have recently seen increased levels of inflation and there can be no assurance that continued and more wide-spread inflation will not become a serious problem in the future and have an adverse impact on a Fund's returns. If inflation continues to increase, the real value of a Fund's investments could decline and the interest payments on a Fund's borrowings, if any, may increase.

**Custody and Banking Risks.** The Funds will maintain funds with one or more banks or other depository institutions ("banking institutions"), which may include US and non-US banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, their portfolio companies, a Fund's general partner and/or the Adviser transact may inhibit the ability of the Funds or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where the Fund or one or more of its portfolio companies holds depository accounts access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation ("FDIC") protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds or their portfolio companies. One or more investors or a Fund's general partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Fund's general partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

**Recent Financial Market Fluctuations.** Various sectors of the U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. The financial services industry generally and investment activities are affected by general economic and market conditions, including interest rates, availability of credit, lack of price transparency, inflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, national and international and environmental and socioeconomic circumstances. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility

and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present, and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many venture capital funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material 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 the Adviser 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 and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more of a Fund's portfolio companies. The ability of portfolio companies to refinance debt securities depends on their ability to sell new securities in the public high yield debt market or otherwise.

#### **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

##### **Related General Partners**

Various entities serve as general partners of the Funds, and are related persons of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

##### **Affiliated Advisers**

The Adviser is affiliated with the following advisers:

- SCGE Management, L.P.: a U.S. registered investment adviser with the SEC.
- SCHF (GPE), LLC: a U.S. registered investment adviser with the SEC.

- Sequoia Capital IV Israel, Ltd. and related entities: a foreign advisory affiliate organized in Israel, and an exempt reporting adviser relying on Rule 203(l)-1 under the Advisers Act.
- Sequoia Capital China Advisors Limited and related entities: a foreign advisory affiliate and an exempt reporting adviser relying on Rule 203(m)-1 under the Advisers Act.
- SCEP Management Limited and related entities: a foreign advisory affiliate organized in Hong Kong and an exempt reporting adviser relying on Rule 203(m)-1 under the Advisers Act.
- SCHP Management Limited and related entities: a foreign advisory affiliate organized in Hong Kong and an exempt reporting adviser relying on Rule 203(m)-1 under the Advisers Act.
- Sequoia Capital India Operations, LLC and related entities: a foreign advisory affiliate and an exempt reporting adviser relying on Rule 203(m)-1 under the Advisers Act.
- Sequoia Capital India Operations II, LLC and related entities: a foreign advisory affiliate and an exempt reporting adviser relying on Rule 203(m)-1 under the Advisers Act.
- Sequoia Capital Europe LLP: a foreign advisory affiliate located in the United Kingdom.

The Funds may from time to time participate in transactions alongside clients of an affiliated adviser. For a description of material conflicts of interest created by the relationship among the Adviser and its affiliated advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers, principals, employees and other personnel of the Adviser, as well as officers, principals, employees and other personnel of its affiliates and certain independent contractors, and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Jung Son, Chief Compliance Officer, at 800 Sand Hill Road, Suite 101, Menlo Park, CA 94025.

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

The Adviser and certain employees and affiliates of the Adviser may invest in and alongside the Funds, either through the general partners, as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser in certain circumstances provides certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

### **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing 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 the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

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 that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

#### *Resolution of Conflicts*

In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser’s best judgment, but in its sole discretion. In resolving conflicts, the Adviser considers 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:

- (1) The Adviser will consider the appropriateness of an investment from the viewpoint of a Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Organizational Documents for the Funds;
- (3) Where the Adviser 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;
- (4) The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- (5) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- (6) The Adviser and certain of its affiliates have adopted written policies establishing information “walls” designed to limit communication between certain business units. These policies restrict the transfer of confidential information between these business units, subject to certain exceptions provided in the policies. These policies also establish procedures for communications among employees of different business units to guard against unlawful and inappropriate disclosure of material, nonpublic information.

While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. There can be no assurance that the Adviser will identify or resolve all conflicts in a manner that is favorable to the Funds and the Funds’ investors are not entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

#### *Allocation of Investment Opportunities Among Clients*

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities (including follow-on investments) among various clients and other persons, which may include, but are not limited to, the following:

- The Funds (including those established for the purpose of participating in a “continuation transaction”);
- Any co-investors or 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 co-investors or investors in such co-investment vehicles which may include Adviser Investors and/or individuals and entities that are not investors in any Funds (“Third Parties”));

- 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); and
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser makes allocation determinations consistent with the Funds’ Organizational Documents and in accordance with its written policies and procedures.

The Funds may be subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements, to the extent they exist, will generally be set forth in the Fund’s Organizational Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds and/or other parties are eligible to participate in an investment opportunity. Subject to the Organizational Documents, allocations of investment opportunities among the Funds are generally first determined based on the investment team sourcing the particular investment opportunity. To the extent a particular team is responsible for sourcing an investment opportunity, such team shall have the discretion to make determinations, in good faith, regarding (i) the allocation of such investment opportunities among the Funds or (ii) whether all or any portion of a prospective investment opportunity should be referred to any other Fund or any co-investors (either of the Adviser or its affiliates); provided, however, that all such determinations shall be consistent with the relevant Organizational Documents and applicable law. The Adviser assesses whether an investment opportunity identified by any member of its investment team is appropriate for a Fund based on a Fund’s investment objectives, strategies and structure. The Funds’ investment, strategies and structure typically are reflected in the applicable Organizational Documents. Prior to making any allocation to any Fund of an investment opportunity, the Adviser will determine whether there are any additional factors that may restrict or limit the offering of an investment opportunity to any such Fund. Possible restrictions may include but are not limited to:

- **Related Investments.** The Adviser may, but generally is not required to, 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.
- **Legal and Regulatory Exclusions.** The Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to other specific legal, regulatory and contractual restrictions placed on the participation of such Funds or persons in certain types of investment opportunities.
- **Non-Competition Agreements.** In certain instances, members or affiliates of the Adviser may, in connection with their management of a Fund or Funds managed by the Adviser or its affiliates, enter into non-competition or similar agreements that effectively preclude one or more Funds from taking advantage of certain investment (or divestment) opportunities.

- Undertakings to Investors. In the Organizational Documents of certain Funds, the Adviser or its affiliates has undertaken not to deliver partnership opportunities (as defined in the relevant Organizational Documents) to one or more persons for the exclusive benefit of principals of the Adviser or its affiliates.

Once the Adviser identifies the Funds that are eligible to participate in a particular investment, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser may consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund's investment objectives and investment focus;
- Transaction sourcing (and with respect to an investment opportunity originated by a third party, the relationship of a particular Fund to or with such third party);
- Each Fund's liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity);
- Each Fund's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- Lender covenants and other limitations;
- Any "ramp-up" period of a newly established Fund;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity) and anticipated co-investment (if any);
- The size, liquidity and duration of 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;
- Composition of each Fund's portfolio and each Fund's investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics);
- Suitability as a follow-on investment for a current portfolio company of a Fund or to upsize an existing investment;
- Timing expected necessary to execute an investment;



- The use of leverage in the proposed capital structure;
- The availability of other suitable investments for each Fund;
- Supply or demand of an investment opportunity at a given price level;
- Risk considerations;
- Cash flow considerations;
- The centrality of an investment to a Fund's strategy;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax and accounting implications;
- Lender covenants and other limitations;
- Whether an investment opportunity requires additional consents or authorizations from the Fund, investors or Third Parties;
- Whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the Organizational Documents of each Fund.

The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives. The Adviser makes allocation determinations based solely on the Adviser's 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.

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, the Adviser has an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derive, directly

or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, the Adviser will not allocate investment opportunities among the Funds based, in whole or in part, on the relative fee structure or amount of fees paid by any Fund. While the Adviser determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's 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 the Adviser is subject, discussed herein, did not exist.

In addition, Adviser Personnel invest indirectly in and will from time to time be permitted to invest directly in Funds and therefore participate indirectly in investments made by the Funds in which they invest. 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.

The Adviser and/or a Fund will from time to time invest in the securities offerings of a portfolio company held by another Fund (including through initial public offerings), which would result in the Adviser and/or a Fund receiving an allocation of portfolio company securities.

A conflict also arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. In making such an allocation determination, the Adviser will consider some one or more of the factors set forth above and will make a determination in its good faith discretion.

#### *Allocation of Co-Investment Opportunities and Secondary Transactions*

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser 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 investment, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser 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 or, to the extent not addressed in such Funds' Organizational Documents, in accordance with the following paragraphs. There may be circumstances where the Adviser determines, for strategic or other reasons, the amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

The allocation of co-investment opportunities will, in many or all cases, also involve a benefit to the Adviser, including the receipt of Management Fees or allocation of Carried Interest from the co-investor, and/or capital commitments to Funds (including successor Funds). As a result of the foregoing, the Adviser could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms.

In addition, co-investment vehicles may be formed to make investments alongside a Fund. In such cases, the co-investment vehicle may have a priority right to make co-investments in some or all

of the investments made by such Fund. The existence of such a priority right will significantly reduce or eliminate co-investment opportunities available to the investors.

Subject to any Investment Allocation Requirements or other specific agreements with investors, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, taking into account the team that sourced the particular investment opportunity, investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, and (iv) certain persons other than investors in the Funds (e.g., other Funds managed by the Adviser, consultants, joint venture partners, Adviser Investors, persons associated with a portfolio company and other Third Parties, including persons who the Adviser believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to the Adviser, a Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise), rather than one or more investors in a Fund, will, from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. 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 acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, the Adviser from time to time agrees to give particular investors, 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 the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities. The Adviser may also in its discretion offer co-investment opportunities to any of its affiliates for consideration in lieu of offering such co-investment opportunity to any investor in a Fund.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser 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:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (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 (including whether the potential co-investment party has a complicated tax structure that would

require particular structuring implementation or covenants that would not otherwise be required);

- Any confidentiality concerns the Adviser 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-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's perception of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party'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-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Adviser and assume a passive role in governing a portfolio company);
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, 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;

- The Adviser's 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;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party 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-investment party 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-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- Whether the potential co-investment party will make commitments to invest in other Funds (including concurrently with the applicable co-investment) as well as commitments to future funds raised by the Adviser;
- Whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Funds (i.e., a stapled co-investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party 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 and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Adviser.

The factors above are not listed in order of importance or priority and the Adviser 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. The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above, 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, the Adviser 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 the Adviser and/or the applicable general partners are entitled, under arrangements made with certain potential co-investment parties, to additional Management Fees and/or Carried Interest based on the availability of co-investment opportunities offered to such parties).

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser 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 Fund or that expenses incurred by the Fund with respect

to the syndication of the co-investment will not be substantial, and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. 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 the Adviser 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 the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have more 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 a Fund's overall investment returns. Therefore, it is possible that a 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 Adviser or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Fund that will, under certain circumstances, have more favorable rights and/or terms than the Funds and/or other co-investors. Any such vehicle will be established at the Adviser or its affiliates' sole discretion and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor.

In addition, to the extent the Adviser 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, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's 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 the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, 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.

### *Conflicts of Interest*

Each Fund will be subject to various potential and actual conflicts of interest. For example: (i) members or affiliates of a Fund's general partner may receive directors fees or similar compensation from portfolio companies of a Fund; (ii) members or affiliates of a Fund's general partner may make venture capital/private equity and joint venture investments separate and apart from, or alongside with, a Fund; (iii) members or affiliates of a Fund's general partner may participate in joint ventures or similar arrangements with third parties (including with current and prospective investors in Sequoia Capital funds); (iv) a Fund's general partner and its members and affiliates will be permitted to invest in or manage other investment funds and similar vehicles (including vehicles that co-invest with a Fund) during a Fund's term, any of which may compete with a Fund for investment opportunities, management time and attention, or otherwise; (v) a Fund may invest in companies in which members or affiliates of a Fund's general partner have a pre-existing interest or subsequently or simultaneously acquire an interest via different investment funds or other means (e.g., through other funds advised by the Adviser or an affiliate); and (vi) members or affiliates of a Fund's general partner may make investment opportunities available to certain individuals or institutions with whom they have strategic relationships. In that regard, actions may be taken by members or affiliates of a Fund's general partner (including other funds advised by the Adviser or an affiliate) that are different from and may be adverse to a Fund. Among other considerations, when members or affiliates of a Fund's general partner hold interests in portfolio companies other than through the corresponding Fund, those interests may substantially differ from the Fund's interests in such companies due to differences in liquidation preference, voting rights or other investment terms. This may result in such members or affiliates having personal investment interests that directly conflict with the interests of a Fund. Moreover, members or affiliates of a Fund's general partner may, in connection with their management of other venture capital/private equity funds or otherwise, enter into (or have entered into) non-competition or similar agreements that effectively preclude a Fund from taking advantage of certain investment acquisition or disposition opportunities or otherwise adversely impact a Fund.

Certain members of each Fund's general partner currently (or will in the future) participate in "One Sequoia." One Sequoia is a multi-entity program generally designed to promote collaboration among managers of various funds within the family of entities comprised of the Adviser and its affiliates through economic incentives (including, without limitation, the sharing of management fees/carried interest). The One Sequoia program may benefit a Fund by incentivizing other fund managers within the Sequoia Capital family to share investment insights or opportunities with a Fund or to otherwise act for a Fund's benefit, but there can be no assurance that a Fund will actually receive any such benefits. Correspondingly, the One Sequoia program will incentivize participating members of a general partner to act for the benefit of other funds within the Sequoia Capital family, possibly to the detriment of a Fund (e.g., by sharing an otherwise limited investment opportunity). On balance, the Adviser believes that the One Sequoia program is likely to result in net benefit to each Fund, but there can be no assurance of such net benefit and it is possible that behaviors incentivized by the One Sequoia program will yield a net detriment to a Fund.

Conflicts of interest are not limited to the Adviser's members or affiliates who are investment professionals. They may extend to all affiliated personnel, including finance, compliance, legal and other back-office staff of the Adviser and its affiliates.

By reason of their responsibilities in connection with other activities of the Adviser and its affiliates, certain Adviser personnel may acquire confidential and/or material non-public information or be restricted from initiating transactions in certain securities. A Fund will not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. The Adviser also maintains information barriers to restrict the transfer of confidential information between or among personnel of the Adviser and certain of its affiliates. To the extent personnel of the Adviser or certain of its affiliates are not separated by an information barrier or otherwise agree from time to time to "cross" any such information barriers, the Adviser would be required to impose restrictions on transactions involving particular issuers in accordance with its policies and procedures. The Adviser will also have an incentive to avoid taking actions that would impede the operation of certain affiliates. As a result, certain Funds (i) have been, and may in the future be, restricted in their ability to participate in transactions involving the applicable issuer or security or (ii) could decline to receive non-public information or pursue an investment opportunity that would prevent an affiliate or fund thereof from trading securities of an issuer.

Portfolio companies of a Fund may be in, or come into, competition with other companies in which members or affiliates of a Fund's general partner have an interest via different investment funds or other means. Members or affiliates of a Fund's general partner may promote the interests of such other companies over the interests of portfolio companies of a Fund, which could have a detrimental effect on a Fund. Members or affiliates of a Fund's general partner may also assist certain of such other companies with their marketing and sales activities, which may include introductions to prospective customers that include portfolio companies of the Fund. In addition, portfolio companies of a Fund may acquire, or be acquired by, portfolio companies of other investment funds directly or indirectly associated with the Adviser or its affiliates.

Except to the limited extent specifically provided in a Fund's Organizational Documents, none of a Fund's general partner or the members or affiliates of such general partner will have any obligation to alter their own investment activities or the activities of any other investment fund in order to protect or promote the interests of a Fund.

Certain Adviser personnel hold interests in a side-by-side vehicle which is generally managed in parallel with certain holdings of the Sequoia Capital Fund. Adviser personnel have enhanced and/or accelerated redemption rights in this side-by-side vehicle, including (i) with respect to securities that may be treated as "qualified small business stock" under applicable tax laws, (ii) to permit Adviser personnel to hold securities issued by any portfolio company they serve as a director or advisor, (iii) to the extent a Fund's general partner determines necessary or advisable to address any capital shortfall that may otherwise result from the materially different mix of stock and cash contributed by Adviser personnel to such vehicle, (iv) upon the death of such Adviser personnel or their spouses, and (v) to satisfy tax obligations. Adviser personnel are also expected to benefit from reduced (or no) management fee and incentive allocations at the side-by-side vehicle. As such, the investment experience of Adviser personnel participating through the side-



by-side vehicle will be materially different from those limited partners who participated in the initial seeding transaction of the Sequoia Capital Fund.

Provisions contained within a Fund's Organizational Documents that authorize the Adviser, its members or affiliates to engage in investment, management or other activities outside, or alongside, a Fund, or to cause a Fund to make investments (or otherwise approve transactions) in respect of which the Adviser, its members or its affiliates have conflicting interests, will override certain common law and statutory fiduciary duties that would apply in the absence of such provisions and (in particular) may place the limited partners in a materially less favorable position than if the Adviser, its members and affiliates engaged in no activities other than managing a Fund or were otherwise subject to unmodified fiduciary duties to a Fund and the limited partners. For example, such provisions may enable the Adviser, its members and affiliates to direct attractive investment opportunities to persons other than a Fund or to place themselves in a conflict situation pursuant to which they are incentivized to exercise voting rights in respect of specific portfolio securities in a manner that harms a Fund but benefits other investment funds/persons with which the Adviser or such members or affiliates are associated. Each Fund's Organizational Documents will contain certain protections for limited partners against conflicts of interest faced by the Adviser, its members and affiliates, but those protections will be strictly limited to their terms and will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it will be difficult for limited partners to subject the behavior of the Adviser, its members and affiliates to close scrutiny. In particular, a Fund's Organizational Documents will specify a variety of circumstances in which the Adviser, its members and affiliates may subject themselves to conflicts of interest, or engage in actual transactions that conflict with the interests of a Fund, without providing specific notice thereof to a Fund or the limited partners.

Except to the very limited extent specifically provided in a Fund's Organizational Documents, prospective investors should assume that a Fund will not have a "right" to participate in any investment opportunity made available to the Adviser, its members or its affiliates, and that any such opportunity may be presented to other persons. Such other persons may include, without limitation, a subset of a Fund's limited partners, other investment vehicles managed by the Adviser, its members or affiliates, and third parties who are in a position to provide benefits to the Adviser, its members or affiliates. Each Fund's right to participate in investment opportunities will be specifically limited and defined in the Fund's Organizational Documents, and it is expected and intended that members and affiliates of a Fund's general partner will exercise their rights to carry out investment and investment-related activities outside (and potentially in competition with) a Fund. This may include providing other persons with the opportunity to co-invest with a Fund on a deal-by-deal or continuing basis.

Without limitation on the foregoing, except as specifically provided in a Fund's Organizational Documents, the Adviser or its affiliate may, from time to time, create successor funds, special purpose investment vehicles, co-investment funds, "spillover" or "excess opportunity" funds, annex funds, and other types of funds/vehicles, any of which may compete with a Fund for investment opportunities, co-invest or cross-invest with a Fund, or otherwise give rise to conflicts of interest. Members and affiliates of the Adviser may give advice to (and recommend investments for) such other funds/vehicles that may differ from advice given to or investments recommended or made by a Fund. Even if a Fund and such other funds/vehicles invest in the same securities, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax,

regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for a Fund and such other funds/vehicles may not be the same. A Fund and such other funds/vehicles may take a different approach on the price and timing of the disposition of the same securities due to factors such as, for example, different expected termination dates and/or investment objectives (including target return profiles). Members and affiliates of the Adviser may be or become subject to binding obligations to make co-investment or cross-investment opportunities available to such other funds/vehicles or to a subset of the limited partners. Except as specifically provided in a Fund's Organizational Documents, the Adviser will not have any obligation to provide notice to limited partners of co-investment or cross-investment opportunities or the fact that co-investments or cross-investments have taken place. A limited partner that desires to co-invest or cross-invest with a Fund, but has not been granted specific co-investment or cross-investment rights, must assume that no such rights exist.

A Fund's general partner will have discretion with respect to determining the methodology used to calculate the net asset value of a Fund's assets, including securities held by a Fund. Under many circumstances, there will be direct conflicts of interest between the Adviser and a Fund's limited partners with regard to the valuation of securities, especially to the extent that the valuation of securities impacts distributions to be received by the general partner in respect of its carried interest in a Fund. As a general matter, higher valuations of securities will tend to enhance the value of the Adviser's Carried Interest and may accelerate its right to receive distributions in respect thereof. Each Fund's Organizational Documents contain detailed rules and procedures regarding the valuation process which prospective investors should consider carefully, as there can be no assurance that those rules and procedures will always yield valuations that match true "fair market value."

Additionally, a Fund's general partner and/or any director or officer of a Fund's general partner may permit deviations from US GAAP where they consider it to be appropriate, acting always in accordance with applicable, laws, regulations and rules applicable to a Fund.

Members and affiliates of the Adviser may, from time to time, be involved in joint ventures with strategic partners, which may include establishing pooled investment vehicles, co-investment arrangements and other special purpose vehicles that may compete with or have priority over a Fund with respect to certain investment opportunities. While the Adviser believes these arrangements may create additional deal flow and other benefits, there can be no assurance that a Fund will actually receive any such benefits. Moreover, in addition to the conflicts of interests discussed above, these activities may result in an increased workload for the members and affiliates of the Adviser and increased competition among the Adviser's activities for such individuals' time, attention and resources.

The Adviser, its personnel, the Funds and the portfolio companies of the Funds will, from time to time, engage common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, its personnel, the Funds, and/or the portfolio companies. As a result, the Adviser or its personnel from time to time receives a more favorable rate on services provided to it by such a common service provider than the rates payable by the Funds and/or the portfolio company, or from time to time receives 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 the Adviser and its personnel,

on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it, or its personnel, 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. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to the Adviser, its personnel or its affiliates, and the Advisory Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

In addition, service providers often 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 the Adviser or its affiliates differ from those required by the Funds and/or its portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

During a Fund's term, many different types of conflicts of interest may arise and its Organizational Documents do not purport to identify all such conflicts. Limited partners ultimately will be heavily dependent upon the good faith of a Fund's general partner and its members.

Risks relating to conflicts of interest are not limited to conflicts affecting a Fund's general partner or its members or affiliates. The limited partners are expected to have widely differing interests on a variety of tax, regulatory, business, investment profile and other issues. Without limitation, some limited partners may invest in a Fund for strategic reasons unrelated to maximizing their direct financial returns through their interests in a Fund. These differing interests may, in turn, give rise to a number of risks that the limited partners as a group will not act in a manner consistent with the best interests of the limited partners as a group or the best interests of a Fund itself. For example, a limited partner may decline to provide its consent to a proposed action by a Fund or a Fund's general partner due to goals or incentives that are unique to such limited partner and in conflict with the interests of a Fund or other limited partners. Furthermore, conflicts of interest among the limited partners likely will make it impracticable for a Fund's general partner to manage the affairs of a Fund in a manner that is viewed as optimal by all limited partners, and a Fund's general partner will be under no obligation to do so. In general, prospective investors should assume that a Fund's general partner will not take their unique interests into account when managing a Fund's affairs.

#### *Advisory Affiliates*

As described in Item 10 above, certain of the Adviser's investment adviser affiliates have their own clients. Clients of the Adviser and these affiliates may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. In such circumstances, interests of the Adviser's clients would therefore conflict with the interests of the clients of these affiliates. For instance, see "*Allocation of Investment Opportunities Among Clients*," "*Allocation of Co-Investment Opportunities and Secondary Transactions*" and "*Conflicts of Interest*" above for more information.

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

## **Item 12. Brokerage Practices**

### **Selection of Brokers and Dealers**

For each of the Funds, the Adviser has, subject to the direction of such Fund’s general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek “best execution” of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as listed below). “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser’s Trading Department takes into account all factors that it deems relevant to the broker’s or dealer’s execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks (“ECNs”) when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser’s Trading Department, in consultation with the Adviser’s Chief Compliance Officer as needed, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser’s principals. The Adviser may “pay up” (e.g., pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker-dealer’s brokerage commission (i.e., soft dollars) for brokerage and research services in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. A broker-dealer providing such brokerage and research services may receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful and of value to the Adviser in rendering investment advice to all or a significant

portion of the Funds, or may be relevant and useful for the management of one or only a few Funds' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. A conflict of interest exists when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that may charge lower commissions.

### **Aggregation of Trades**

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. The Adviser often employs this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser and its affiliates may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

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

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Partners and other investment professionals of the Adviser.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund as promptly as is reasonably possible after the fiscal year end of such Fund, as well as quarterly performance reports within 60 days after each fiscal quarter end. The Adviser and the applicable general partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Items 5 and Item 11 above. In addition, the Adviser 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.

The Adviser may 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 will 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. Such Fund may bear the costs of such placement agent fees, subject to any limitations set forth in its Organizational Documents.

#### **Item 15. Custody**

To the extent assets of a Fund are held by one or more custodial banks, such custodial banks send account statements to investors in such Fund. Such investors should compare the account statement received from the custodial bank to account statements the Adviser delivers to investors.

#### **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

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

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and any other relevant facts and circumstances the Adviser determines to be appropriate at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s Chief Compliance Officer (the “CCO”), or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the Adviser’s CCO or appropriate investment professional for a voting decision. In most cases, the Adviser’s CCO or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the CCO of any such Voting decision, and if the CCO does

not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Global Managing Partner of the Adviser as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or the Adviser's affiliates and their clients has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts or to otherwise assist the Adviser in fulfilling all or part of its voting obligations. In this regard, the Adviser can retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to which Voting and/or consent powers may be delegated in accordance with its proxy voting policies and procedures.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Jung Son, Chief Compliance Officer, at 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025-7055.

#### **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

#### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.