

Item 1. Cover Page

Brochure of
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This brochure provides information about the qualifications and business practices of Valiant Capital Management, L.P. If you have any questions about the contents of this brochure, please contact us at (415) 659-7201. 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 Valiant Capital Management, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Since its last annual update filed on March 31, 2022, the Advisers have expanded disclosures in Item 8 of this Brochure to address risks associated with inflation, banking counterparties, and global conflict. We routinely make updates throughout the brochure to improve and clarify the description of our business practices, and compliance policies and procedures, as well as to respond to evolving industry best practices. Although these changes may not be material, please review this brochure carefully and in its entirety.

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Item 4. Advisory Business

For purposes of this brochure, unless otherwise noted, the “Advisers” mean (i) Valiant Capital Management, L.P. (“VCM”) and (ii) Valiant Peregrine Management, L.L.C. (“VPM”). VCM is a Delaware limited partnership that has been in business since 2008. VCM’s President, controlling owner and portfolio manager is Christopher R. Hansen. VPM is a Delaware limited liability company and has been in business since 2019. VPM’s controlling owners and managing members are Christopher R. Hansen and Daniel Karubian. Daniel Karubian is the portfolio manager of VPM.

Each Adviser operates its business as follows:

(1) Although VCM may manage additional client accounts in the future, currently it serves as the investment adviser to the following funds:

- Core Funds. VCM serves as investment adviser to two investment funds that have substantially the same investment strategy: Valiant Capital Partners, L.P., a Delaware limited partnership (the “Core U.S. Fund”), and Valiant Capital Master Fund, L.P., a Cayman Islands exempted limited partnership (the “Core Master Fund”), whose primary, unaffiliated limited partner is Valiant Capital Partners Offshore, Ltd., a Cayman Islands exempted company (the “Core Offshore Feeder”).
- India Funds. VCM serves as investment adviser to Valiant India Opportunities Master Fund, L.P., a Cayman Islands exempted limited partnership (the “India Master Fund,” and with the Core Master Fund, the “Master Funds”). The India Master Fund has two “feeder” funds, Valiant India Opportunities Fund, L.P., a Delaware limited partnership (the “India U.S. Fund,” and with the Core U.S. Fund, the “U.S. Funds”), and Valiant India Opportunities Offshore, L.P., a Cayman Islands exempted limited partnership (the “India Offshore Feeder,” and with the Core Offshore Feeder, the “Offshore Feeders”).

Each U.S. Fund is available only to “qualified purchasers” so that it can be excluded from the definition of an “investment company” (a so-called mutual fund) under section 3(c)(7) of the Investment Company Act of 1940, as amended (the “ICA”). The U.S. Fund may admit more than 100 investors under that exclusion.

Each Offshore Feeder is available for investment by non-U.S. investors and U.S. tax- exempt investors that are “qualified purchasers” so that they also can be excluded from the definition of an “investment company” under section 3(c)(7) of the ICA.

A “VCM Fund” or the “VCM Funds” mean the U.S. Funds and any or all of the Offshore Feeders and the Master Funds, as the case may be.

Although the Core Funds have substantially the same investment strategy, their performance is expected to differ over time due principally to tax related differences in trading, the different timing of subscriptions to and redemptions or withdrawals from each VCM Fund, and various legal or regulatory restrictions or expenses that may apply to one or more of the VCM Funds. Likewise, while the India U.S. Fund and the India Offshore Feeder have

substantially the same investment strategy and both invest through the India Master Fund, their performance is expected to differ over time due principally to the different timing of subscriptions to and withdrawals from each VCM Fund.

VCM invests on behalf of the VCM Funds in securities consisting principally, but not solely, of equity and equity-related securities that are traded publicly and privately in U.S. and non U.S. markets, but is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the VCM Funds' governing documents.

(2) Although VPM may manage additional client accounts in the future, currently it serves as the investment adviser to Valiant Peregrine Fund, L.P., Valiant Peregrine Fund 2, L.P., and Valiant Peregrine Special Opportunities Fund 1, 1A, 1B, 1C, 2, 3, 4 and 5 (the "Peregrine Funds.")

The Peregrine Funds are available for investment by investors that are "qualified purchasers" so that it also can be excluded from the definition of an "investment company" under section 3(c)(7) of the ICA.

VPM invests on behalf of the Peregrine Funds in equity and equity-oriented securities of privately held companies in the technology, consumer and services sectors, but is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the Peregrine Funds' governing documents.

As of December 31, 2022, the Advisers had regulatory assets under management of approximately \$2,393,575,123. The Advisers only manage assets on a discretionary basis.

References in this Part 2A to a "Fund" or the "Funds" mean the VCM Funds and the Peregrine Funds.

Fund investors have no opportunity to select or evaluate any Fund investments or strategies. The Advisers select all Fund investments and strategies.

Item 5. Fees and Compensation

Fees and Allocations. The Advisers' clients (the Funds) are qualified purchasers as defined in section 2(a)(51)(A) of the ICA. Therefore, information on how the Advisers are compensated for their advisory services and their fee schedules are not included here.

The Advisers' compensation is negotiable and varies but is set forth generally in each Fund's confidential offering circular or private offering memorandum.

The Advisers deduct management fees directly from the Core U.S. Fund and the Master Funds, on the first day of each quarter and management allocations at the end of each quarter. Offshore Feeder investors pay fees and allocations indirectly, through the Offshore Feeder's investment in the Master Fund. In respect to the Peregrine Funds, the management fee is payable quarterly in advance. Performance allocations and carried interest distributions are also deducted directly from the Funds, at the end of a fiscal year and on redemptions or distributions, with respect to performance allocations, and on distributions, with respect to carried interest distributions.

With respect to the VCM Funds, if a VCM Fund terminates or an investor withdraws or redeems, the investor bears expenses, the pro rata portion of the management fee, management allocations and performance allocations through the date of termination or withdrawal/redemption, except that if an investor withdraws or redeems from a Fund on a date other than the last day of a quarter, the Funds do not refund to that investor any management fee that it previously paid. In regards to the Peregrine Funds, if the management fee ceases to be payable at any time during any quarterly period, any amount paid in advance by the Peregrine Funds but not earned (based on daily proration) will be returned to the Peregrine Funds.

The Advisers provide certain investors special fee and allocation arrangements that it does not provide to other investors. In particular, some investors have the opportunity to invest in certain illiquid or "side pocket" investments with a lower fee structure than that of a typical investment in the Funds. The Advisers have the right to waive all or any portion of the management fees, management allocations or performance allocations with respect to any investor. Advisers will, from time to time, establish certain investment vehicles through which Adviser Investors (as defined below) or third parties may invest alongside one or more Funds in one or more investment opportunities, which generally do not pay advisory fees or carried interest.

Performance allocations and carried interest distributions create an incentive for the Advisers to make more risky and speculative investments than it would otherwise make.

Other Fees.

Fees Payable by the Portfolio Companies

In addition to management fees and performance allocations, the Advisers and their affiliates, particularly in the context of private funds advised by VPM, may from time to time receive a variety of other cash, equity and other non-cash fees relating to the investment activities of a Fund, its portfolio companies and prospective portfolio companies, including transaction fees, director fees, financial advisory fees, organization and financing fees, operational fees, commitment fees, break-up and topping fees, divestment fees, termination fees, project fees and/or other types of management consulting and other similar operational and financial matters and/or other fees and annual retainers from, or with respect to, the portfolio companies and prospective portfolio companies (collectively

with the other fees described in this section, “Other Fees”).

The amount and timing of Other Fees received by the Advisers or their affiliates are generally specified in the agreement or other documentation governing the applicable transaction. Generally, under the terms of the applicable governing documents, for purposes of calculating any management fee offset, Other Fees may be net of out-of-pocket costs and expenses incurred by the Advisers in connection with consummated or unconsummated transactions or in connection with generating any such fees. Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise.

Allocation of Other Fees and Advisory Fee Offset

Although Other Fees are in addition to the management fees, the Advisers will in some circumstances reduce the amount of management fees paid by the applicable Fund in connection with the receipt of such Other Fees in accordance with the management agreement and/or governing documents of the applicable Fund.

To the extent an Other Fee relates to more than one Fund participating (or expecting to participate) in an investment, the Other Fee is generally allocated among such Funds pro rata based on the capital commitments of such participating Funds (or for an unconsummated investment, the proposed commitments of the Funds), or on such other basis that the Advisers determine to be fair and reasonable in its sole discretion. However, in determining how to allocate an Other Fee among more than one participating Fund, the Advisers will also take into account, among other things, the type of transaction (e.g., original acquisition or follow-on), the consideration involved in the transaction (cash or in-kind) and the value of the consideration.

The payment of Other Fees by portfolio companies may, in some, but not all, circumstances create a conflict of interest between the Advisers and their affiliates, and the Funds and their investors because the amounts of these Other Fees and reimbursements (see “*Expense Reimbursement*” below) are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Advisers determine the amount of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions, and the amount of such fees and reimbursements often will not (except in connection with the reductions described herein) be disclosed to investors in the Funds.

Such Other Fees will be disclosed to limited partners as part of a Fund’s regular financial and tax reporting. From time to time, the Advisers will, in their discretion, disclose to an investor the amount of Other Fees allocated to the Fund in which such investor has invested in financial reports or other similar periodic reports delivered to investors.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third party involved on behalf of the relevant portfolio company and therefore the fees are not subject to a market check. A conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company by virtue of the Advisers acting on behalf of both parties.

To the extent an Other Fee relates to more than one Fund, the Advisers shall allocate the resulting management fee reduction among the applicable Fund(s) in proportion to their interest (or

prospective interest) in the portfolio company as described in the applicable fund governing agreements. To the extent an Other Fee relates to a Fund, co-investment vehicle or third-party investor that does not pay management fees, the other portion of such Other Fee allocable to the non-fee paying party or investor will be retained by the Advisers, and such amounts will not offset any management fee paid to the Advisers.

Payments Made to Providers of Operations Support

The Advisers and their affiliates may engage and retain “venture partners,” “entrepreneurs-in-residence,” “executives-in-residence,” “consultants,” “contractors” and “advisers” (as those terms are generally understood in the venture capital industry) and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons will not be deemed paid to or received by the Advisers and their affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors.

Portfolio Company Expense Reimbursements

A portfolio company will typically reimburse the Advisers for expenses, including without limitation, travel and travel-related expenses, meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses (including legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company borrower or a lender) and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses, incurred by the Advisers in connection with its performance of services for such portfolio company. Such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable governing documents, and such reimbursements do not reduce the management fee.

Certain expenses may be paid for by a Fund and/or its portfolio companies or, if incurred by the Advisers, will be reimbursed by a Fund and/or its portfolio companies. Such expenses may include reasonable travel expenses that are incurred in connection with managing Funds advised by VPM.

Expenses.

Adviser Expenses

To the extent provided in the governing documents of the Funds and except as described below as a “Fund Expense,” the Advisers bear their own operating, general, administrative and overhead costs and expenses, other than the expenses described below.

Fund Expenses

Each Fund is responsible for its own costs and expenses (except for those expenses borne by the Advisers to the extent set forth above), including without limitation, all trading costs and expenses (for example, brokerage commissions and discounts, expenses related to short sales, hedging, and

clearing and settlement charges); the purchase, holding or sale or exchange or other disposition of securities, including reasonable private placement and finder's fees in contemplation of an investment by the Funds paid to persons other than the general partners or members of the general partners or any of their affiliates; real property or personal property taxes on investments; brokerage, sale, and depository (including a depository appointed pursuant to the European Union Directive on Alternative Investment Fund Managers fees; taxes applicable to the Funds on account of its operations; fees incurred in connection with the maintenance of bank or custodian accounts; legal, audit, and other expenses incurred in connection with the registration of the Funds' portfolio securities under the Securities Act of 1933 ("1933 Act"); legal and accounting fees and expenses incurred in connection with the purchase or sale or exchange or other disposition of securities (whether or not such purchase, sale or exchange or other disposition is ultimately consummated); expenses of loan servicers and other service providers; costs of consultants (including specialized consultants, external executives, and industry advisory roundtable members, and including, but not limited to, consulting fees incurred by the applicable Fund for the benefit of its portfolio company and fees of affiliated consultants), "operating partners," "senior advisors" and "executives-in-residence;" expenses related to attending, participating in or sponsoring trade association meetings, conferences or similar events or meetings in connection with the identification or evaluation of investment opportunities or business sector opportunities, even if such expenses are not related to a specific transaction (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated); risk management assessment expenses, fees, costs and expenses related to the organization, establishment, maintenance and administration of any alternative investment vehicles or of any intermediary or special purpose entity used to acquire, hold or dispose of an investment or to otherwise facilitate the Funds' investment activities; and fees and expenses of investment advisers and independent consultants incurred in investigating and evaluating investment opportunities. The Funds shall also bear the fees of the independent certified public accountant incurred in connection with the annual audit of the Funds' books and the preparation of the Funds' annual tax return; the advisory fee; costs and expenses of third-party valuation agents for positive assurances and independent appraisers, legal expenses of the Funds, accounting expenses paid to third parties for the maintenance of the Funds' books and records and preparation of reports (including any related internal costs that the general partners incur to produce any such books and records or external costs for a third-party administrator, or in the case of the Core Offshore Feeders, the directors, to maintain and oversee the Funds' books and records); filing and similar fees paid on behalf of a Fund, including reimbursements of any fees and expenses to advisers, service providers and other third parties; research and other information (including research costs allocated by the internal research team and third-party groups, data and information service subscriptions, related systems and services from data providers and data management software, and any research or other service that may be deemed to be bundled for the benefit of such Fund), third-party diligence software and service providers, subject and industry-matter research and experts; information technology system expenses (including the costs of developing, implementing and maintaining computer software and hardware and other technological systems for the benefit of the Funds, its limited partners, or a portfolio investment or potential investment); bridge financing expenses (which may be payable to another fund co-investing in the bridge transaction or to the Advisers, the general partners or an affiliate, in each case being the entity providing the bridge financing to the Funds), borrowing, financing, commitment, origination and similar fees and expenses; all premiums associated with insurance, if any, to insure against any claims that could be made directly against the Funds, the general partners, directors and officers, the Advisers or any indemnified persons or that could give rise to a Funds liability (the purchase of such insurance, if any, shall be at the discretion of the general partners), preparation and other expenses associated with annual and other reports to the Partners; interest; extraordinary expenses; expenses associated with the Funds' compliance with applicable laws and regulations, including regulatory filings as they relate to the Funds' activities,

including all fees and expenses relating to compliance with tax, securities law 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); out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of the Funds, the general partners or the Advisers that are attributable to the operation of the Funds or requested by one or more limited partners in the Funds; expenses incurred in connection with complying with provisions in investor side letter agreements, including “most favored nation” provisions; the costs associated with any amendments, modification, revisions or restatements to the governing documents of the Funds; costs associated with any Funds information meetings, regardless of whether all investors are invited to participate in such meetings, expenses of the advisory committee meetings and reimbursement of reasonable out-of-pocket costs for the advisory committee members and the general partners to attend such meetings (including set-up costs, speaker fees, honoraria, dining, entertainment, travel and travel-related and other expenses) as well as other advisory committee expenses (including legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the advisory board and other expenses incurred in connection with advisory committee action); fees, duties, penalties and other governmental charges levied against a Fund or payable by a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund, expenses incurred in connection with tax preparation and filings, expenses relating to the preparing, printing and distributing of investor reports and notices physically or electronically (including software used to electronically distribute such reports and notices); expenses associated with making capital calls from and distributions to investors, including fees and expenses of information technology used to facilitate all such activities; the Funds’ allocable share of expenses and fees generated in the course of sourcing, evaluating, investigating, discovering, developing and researching potential investments, including investments that are not consummated (including certain advisory, transaction, consulting and other similar fees paid to the Advisers or the Advisers’ affiliates, and legal expenses incurred in connection with claims or disputes related to unconsummated or proposed investments and including expenses and fees that would have been allocable to co-investment vehicles or other co-investors, expenses incurred in connection with the disposition of investments (including closing, execution and other transaction costs), expenses and fees generated in the course of organizing, making, holding, developing, managing, monitoring, refinancing, maintaining, administering, structuring, operating and negotiating joint ventures arrangements and platform investments, including with respect to transactions that are not consummated; and all expenses that are not normal administrative and overhead expenses as set forth above, including all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings relating to the Funds brought by or against the Funds, the Advisers or the general partners, or the members, partners, employees or agents or former members, partners, employees or agents of any of the foregoing, including all costs and expenses for judgments and settlements and all costs and expenses arising out of or resulting from the Funds’ indemnification and fees and expenses for the attorneys for the general partners, the Advisers and their controlling owners.

Securities brokerage firms and futures commission merchants that execute Fund securities and commodities trades, however, may pay all or part of these costs and expenses, as discussed in Item 12 below.

From time to time, the general partner of a Fund creates certain “special purpose vehicles,” or similar structuring vehicles for purposes of (i) accommodating certain tax, legal and regulatory considerations of investors, (ii) investing primarily in a new investment opportunity that is too large

to be allocated exclusively to a Fund, (iii) a follow-on round of a portfolio company that is too large to be allocated exclusively to a Fund, (iv) an investment opportunity that is not appropriate for a Fund, or (v) a parallel investment vehicle, or co-investment vehicle, that may not charge a management fee or carry but will invest parallel with a Fund (“SPVs”). In the event the general partner creates an SPV, consistent with the governing documents of the Fund, expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will typically be borne by the SPV, and indirectly, the investors thereof.

Co-Investment Vehicle Expenses

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

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) will therefore be borne by the Fund or Funds selected by the Advisers as proposed investors for such proposed transaction. Furthermore, if a proposed transaction is not consummated and a co-investment vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs will be borne solely by the Fund or Funds selected by the Advisers as proposed investors for such proposed transaction, but not to the co-investment vehicle or other co-investor(s) to which the co-investment opportunity was offered. 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 include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to Operations Support Providers (as defined in Item 11 below) and other third parties), any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment, any break-up fees, reverse termination fees, topping, termination or other similar fees, 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.

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

Allocation of Expenses

From time to time the Advisers will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Advisers on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds or Advisers and/or other parties. Certain expenses that are the obligation of one particular Fund will be borne by such Fund or, expenses will be allocated among multiple Funds and entities. In exercising their discretion to

allocate investment opportunities and fees and expenses, the Advisers are faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Advisers have an incentive to allocate investment opportunities to the Funds from which the Advisers or their related persons derive, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

The Advisers allocate fees, costs and expenses in accordance with a Fund's governing documents. To the extent not addressed in the governing documents of a Fund, the Advisers will make allocation determinations among Allocable Parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by the Advisers in their sole discretion). Any methodology chosen by the Advisers involves inherent conflicts of interest and could result in a greater expense to the Funds and portfolio companies than would be the case if such methodology were determined by third parties. The Advisers will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgement. 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 such Fund will bear more or less of a particular expense based on the methodology used.

The appropriate allocation between Funds any affiliated investors or third parties of Dead Deal Costs will be determined by the Advisers and their affiliates in their good faith discretion, consistent with the governing documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Advisers generally allocate fees and expenses generated in the course of evaluating such investment among such Funds in the manner set forth in the applicable governing agreements, which may be based on the anticipated investment of each Fund. Such expenses typically are not allocated to co-investment vehicles. 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 expense, without interest, promptly after the payment is made by the Payor Allocable Party. In addition, certain Funds do procure 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 governing 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.

With respect to allocating other expenses among Fund(s), Adviser Investors and/or co-investors (including third parties), as appropriate, the Advisers will make any such allocation determination on a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Advisers will make any corrective allocations and take any mitigating steps if it determines 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.

The Advisers, from time to time, enter 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 or other fees and/or are reimbursed for certain fees. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above and as set forth in the applicable fund governing agreements.

Performance-Based Compensation

Please see Item 6 below regarding performance-based fees that the Funds pay.

Item 6. Performance-Based Fees and Side-by-Side Management

The Advisers currently manage only the Funds, which pay performance-based compensation. The Advisers do not manage client accounts that do not pay performance-based compensation. Performance based compensation presents a conflict of interest because Valiant has an incentive to favor accounts for which it receives the highest performance-based compensation. Valiant seeks to address the potential for conflicts of interest in these matters with allocation policies and practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and governing documents, as well as other factors that do not include the amount of performance-based compensation received by Valiant or any personnel. The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Valiant generally considers performance-based compensation to better align its interests with those of its investors.

Item 7. Types of Clients

VCM currently provides investment advisory services to the VCM Funds, which are investment funds. VPM currently provides investment advisory services to the Peregrine Funds. Investment advice is provided directly to the applicable Funds, subject to the direction and control of the general partner of such Fund, and not individually to the limited partners of such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the 1933 Act and the Investment Advisers Act of 1940 (“Advisers Act”). Investors in the Funds are generally “qualified purchasers” as defined in the Advisers Act, and may include, among others, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited funds and limited liability companies or other entities.

Investors in the VCM Funds generally are required to invest a minimum of \$10,000,000, but VCM (or, in the case of the Core Offshore Feeder, the directors) have waived, and in the future may waive this minimum. Investors in the Peregrine Funds generally are required to invest a minimum of \$5,000,000, but the general partner may waive this minimum.

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

Methods of Analysis and Investment Strategies

Core Fund Investment Strategy

Investment Objective. The Core Funds invest in and trade securities consisting principally, but not solely, of equity and equity-related securities that are traded publicly and privately in U.S. and non-U.S. markets. VCM invests a portion of the Core Funds' assets in illiquid securities, which generally are restricted securities of public and private companies. The Core Funds also invest in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, non-U.S. currencies, futures, options on futures, other commodity interests and money market instruments. The Core Funds also engage in short-selling, margin trading, hedging and other investment strategies.

The Core Funds' investment objective is to generate superior risk-adjusted returns by employing a flexible mandate that allows the VCM to search the world for the best investment opportunities. While VCM plans to dedicate the majority of its efforts to publicly traded equities, the Core Funds may invest across the capital structure as compelling opportunities present themselves – both long and short. This investment strategy is likely to result in a fairly high degree of volatility and risk.

Investment Philosophy and Strategy. VCM's investment philosophy for the Core Funds can be briefly summarized as follows:

- Invest in great businesses run by great managers.
- Research extensively, focusing on gaining variant perception.
- Pay reasonable valuations and invest for the long term.
- Be patient and opportunistic; focus on best ideas.
- Invest and think globally.
- Invest across the capital structure.
- Focus on preserving capital (although VCM does not anticipate running the Core Funds in a "market neutral" manner).

VCM does not plan to use excess leverage and often will maintain cash to be opportunistic.

India Fund Investment Strategy

Investment Objective. The investment objective of the India Master Fund is to generate superior returns by forming a concentrated collection of VCM's best ideas in India that are appropriate for a long-only structure.

VCM believes its relationships and investment experience in India, when combined with its intensive research process and long-term investment approach, will yield tangible, differentiated results in India. Further, VCM believes that India is a prime source for investment opportunities given its

immense population, attractive demographics, relative early stage of development, and an equity capital market that is among the most diverse and liquid in emerging markets. Lastly, timing appears favorable given the implementation of and the expected benefit from the current pro- growth government, prudent monetary policies of a proven central bank governor against the backdrop of declining inflation as well as an inflection point in the economic cycle.

India's Long-Term Investment Opportunity. VCM believes India offers long-term investment opportunities for the following reasons:

- Favorable demographics.
- A functioning democracy with strong leadership promoting change.
- Near-term fundamentals support the long-term opportunity.

Investment Philosophy and Strategy. VCM's investment philosophy for the India Funds can be briefly summarized as follows:

- Invest in great businesses run by great managers.
- Extensive research focused on gaining variant perception.
- Pay reasonable valuations and invest for the long term.
- Be patient and opportunistic; focus on best ideas.

Peregrine Funds Investment Strategy

Investment Objective. The investment objective of the Peregrine Funds is to realize substantial long-term capital appreciation through investments primarily in high-quality private companies in the technology, consumer and services sectors.

Investment Philosophy and Strategy. VPM's investment philosophy for the Peregrine Funds can be briefly summarized as follows:

- Invest in great businesses run by great managers.
- Take advantage of an expanding supply of high-quality private companies and significant market inefficiencies.
- Pay reasonable valuations and invest for the long term.

All Strategies

The investment strategies summarized above represent Advisers' current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities or commodities in which the Advisers may take positions on behalf of the Funds, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. The Advisers may use any trading or investment techniques, whether or not contemplated by the expected investment strategy described above. In addition, there are limitations in describing any investment strategy due to its

complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, the Advisers may pursue any objectives or use any techniques that it considers appropriate and in Funds' interests.

Risk Factors

Investing in securities and commodities involves risk of loss that investors should be prepared to bear. Below are brief summaries of some of the risks that investors should consider before investing in a Fund. Any or all of such risks could materially and adversely affect investment performance, the value of a Fund or any security or commodity held by a Fund, and could cause investors to lose substantial amounts of money. Potential Fund investors should review the Fund's offering circular or private offering memorandum carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. A potential investor should discuss with the applicable Adviser's representatives any questions that such person may have before investing in a Fund.

Risks Associated with the Funds' Investment Strategies

- The Funds may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investments.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is unpredictable and can adversely affect a Fund's investments.
- A Fund may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.
- The Advisers may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. The Advisers also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a Fund when the Fund could make a profit or avoid losses.
- The Advisers may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- The Advisers may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. The Advisers are not obligated to hedge a Fund's portfolio positions, and it frequently may not do so.
- The Funds may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- The Advisers sell securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase.
- Management and stockholders of an issuer may sue short sellers to deter short sales of the issuer's securities. The Advisers could be subject to such actions, even if they are

baseless, and a Fund could incur substantial costs defending them.

- To make a short sale, a Fund must borrow the securities being sold short. It may be impossible to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets.
- Special rules, which differ from jurisdiction to jurisdiction, apply to short sales. For example, temporary or permanent governmental orders may from time to time prevent the Funds from executing short sales of these securities at the most desirable time.
- If the prices of securities sold short increase, a Fund may need to provide additional funds or collateral to maintain the short positions. This could require the Fund to liquidate other investments to provide additional collateral. Such liquidations might not be at favorable prices.
- The Advisers may use leverage by borrowing on margin, selling securities short and trading futures, other commodity interests and derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- The Advisers may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- The Funds may invest in fixed income securities that are subject to interest rate risk, inflation rate risk, limited liquidity risk and other risks.
- The Advisers may cause a Fund to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- The Advisers may cause Funds to invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight. In addition, a Fund may focus its investment activities on portfolio companies with substantial operations in non-U.S. jurisdictions. Investments in these non-U.S. portfolio companies may present a variety of risks not presented by investments in United States portfolio companies. As a result, such a Fund may face a variety of challenges that may not have been identified at the time of the Fund's formation and disclosure of known risks will necessarily be incomplete. Nevertheless, a variety of risks not presented by funds focused on United States portfolio companies are briefly explored below, including risks associated with: (i) political, social or economic instability; (ii) unusual and evolving regulatory and legal environments; (iii) different taxation regimes; (iv) different accounting standards; (v) risks associated with local securities exchanges and exiting investments; and (vi) currency and inflation risks. In general terms, the investment climate in many countries in which a Fund expects to invest is less mature than in the United States. Prospective investors should consider an investment in the Funds only if they have independently determined based upon their own analysis that the risks and challenges of investing in non-U.S. portfolio

companies are outweighed by the potential benefits.

- The Peregrine Funds invest a significant portion of their clients' assets in growth stage companies, primarily in the technology, consumer and services sectors. Growth equity investments may be subject to special risks that could reduce the value of investments in such asset classes, including limited liquidity and substantial redemptions. These risks can be exacerbated by worsening economic conditions. In addition, growth equity investments may be particularly susceptible to new laws and regulations that have a disproportionate impact on certain industries. Changes in the law could cause certain investments to produce substantially lower returns or lead to significant losses with respect to the Peregrine Funds and client assets invested in such growth stage companies.
- The Peregrine Funds' investment portfolio will, to a significant extent, consist of investments in private growth companies, primarily in the technology, consumer and services spaces. The marketability and value of each such investment will depend upon many factors beyond the general partner's control. Generally, the investments made by the Peregrine Funds will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. There may be no readily available market for the Peregrine Funds' investments, many of which will be difficult to value, and the disposal of a portfolio investment by the Peregrine Funds may be prohibited or delayed many years from the date of initial investment for legal and/or regulatory reasons.
- The Advisers intend to invest in securities of companies located or operating in India and other emerging markets. Such investments may present a variety of risks not presented by investments in more developed jurisdictions, including risks associated with:
 - Political, economic and social risks;
 - Different accounting disclosure and regulatory standards;
 - India regulatory approvals;
 - Currency and foreign exchange risks;
 - Capital repatriation risks;
 - Investment limitations;
 - Securities regulation;
 - Limited liquidity;
 - Legal and regulatory unpredictability and delays;
 - Slow dispute resolution;
 - Difficulty enforcing foreign judgments;

- Fiscal crisis and currency depreciation;
 - Limited shareholder rights and remedies;
 - Indian securities markets;
 - Indian pricing guidelines;
 - India-Mauritius taxation concerns; and
 - Proposed changes to the Indian tax regime and General Anti-Avoidance Rules.
- Where a Fund's investments are held or made through vehicles established in another country, for example, Mauritius (for Indian investments), the value and performance of investments and related returns may be affected by the political, economic and regulatory conditions of that country.
 - Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
 - The Advisers may acquire for a Fund a large position in an issuer's securities but the Fund nevertheless is unlikely to have any control over the issuer's management. In addition, if the Advisers hold a large position in an issuer's securities, the Advisers' subsequent sale of all or any part of that position could depress the market for those securities.
 - Some of the Funds' positions may be or become illiquid, in which case the Advisers may not be able to sell those positions.
 - A Fund may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.
 - Many private companies in which the Funds invest may be operating at a loss or with substantial variations in operating results from period to period. Any such private company may fail.
 - The Funds' investments in illiquid securities and securities of companies with small or mid- sized market capitalizations may involve significant business and financial risk and can result in substantial or complete loss. Even if the securities of such companies are sold publicly, the public trading markets for those securities may be extremely volatile from day to day or from period to period.
 - After a Fund makes an initial investment in a private company, that company may require additional funding, or the Fund may have the opportunity to increase its

investment in a successful company (if any are successful). The Fund may not make follow-on investments. If so, the company or the Fund's investment in that company may be adversely affected.

- Because of competition for desirable investment opportunities, a Fund might not be able to participate in attractive investments that would otherwise be available to it.
- It is unlikely that distributions of profits, if any, will be generated from the operations of non-public companies
- A Fund's investments may not be diversified. To the extent a Fund concentrates its investments in a particular sector, country (for example, India), or region, its investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular country or region. As a consequence, the aggregate return of the Fund may be adversely affected by the unfavorable performance of one or a small number of funds, sectors, countries or regions in which the Fund has invested.
- A Fund may invest in other investment entities, which may cause investors to pay two levels of advisory fees and allocations.
- The Funds may invest in companies for which governmental incentives or regulations enhance such companies' products and services or suppress the companies' competitors. In such cases, the end of governmental incentives or changes in governmental regulation may adversely affect those companies and may cause significant losses.

Fund Structure Risk

- The Advisers determine the value of securities and commodities held in Fund accounts, whether or not a public market exists for such instruments. If the Advisers' valuation is inaccurate, they might receive more compensation than that to which it is entitled, a new Fund investor might receive an interest that is worth less than the investor paid and an investor that is withdrawing or redeeming from a Fund might receive more than the amount to which the investor is entitled, to the detriment of other investors.
- The Funds generally allocate illiquid security investments only among investors in the Funds at the time of such investments. In addition, a Fund may offer an illiquid security investment opportunity only to certain investors. As a result, investors may have highly disproportionate returns during any time period.
- The Funds and not the Advisers are responsible for any trade errors that the Advisers make in Fund accounts, even when the error hurts the Funds.
- The Advisers and their affiliates and agents generally are not responsible to any Fund investor for losses incurred in the Fund unless the conduct resulting in such loss breached the Advisers' fiduciary duty to the investor.
- There is not and will not be an active market for Fund interests. It may be impossible

to transfer any such interests, even in an emergency.

- A Fund may not be able to generate cash necessary to satisfy investor withdrawals and redemptions. Substantial withdrawals and redemptions in a short period could force the Advisers to liquidate investments too rapidly, and may so reduce the size of a Fund that it cannot generate returns or reduce losses.
- A Fund may limit or suspend withdrawals or redemptions of an investor's assets from the Fund.
- A Fund may establish a reserve for contingencies if the Advisers consider it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- Voluntary withdrawals of investor interests are not permitted in the Peregrine Funds. As a result, limited partners may not be able to liquidate their investments in the short-term. Furthermore, a withdrawn limited partner may not be entitled to immediate payment for its interest in the Peregrine Funds. Any withdrawal of an investor may reduce the amount of capital available for investment or other activities.
- An investment in the Peregrine Funds is a long-term commitment. Interests are highly illiquid and have no public market value. No secondary market for the interests exists, and no such market will be established or supported by the general partner. Furthermore, the sale or transfer of interests is subject to approval by the general partner and other restrictions contained in the Peregrine Funds' governing documents. Consequently, limited partners may not be able to liquidate an investment in the event of an emergency or for any other reason. An investment in the Peregrine Funds is suitable only for persons and entities which have no need for liquidity with respect to their investment. The Peregrine Fund's interests have not been registered under the 1933 Act, nor is any such registration contemplated.
- If the assets that the Advisers and their affiliates manage grow too large, it may adversely affect performance, because it is more difficult for the Advisers to find attractive investments as the amount of assets that it must invest increases.
- No Fund investor has been represented by separate counsel. The attorneys who represent the Advisers do not represent Fund investors. Fund investors must hire their own counsel for legal advice and representation.
- A Fund may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- The Advisers, an administrator or any government agency may freeze assets that any of them believes an investor holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of the Advisers, a Fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- The Funds do not intend to make distributions but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from a Fund without a cash distribution to pay the related taxes.

- Counterparties such as brokers, dealers, futures commission merchants, custodians and administrators with which the Advisers do business on behalf of the Funds may default on their obligations. For example, a Fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- If a Fund becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.
- The Advisers and their affiliates may spend time on activities that compete with a Fund or distract them from managing a Fund without accountability to Fund investors, including investing for other clients and their own accounts. If the Advisers receive better compensation and other benefits from these activities compared to managing a Fund, it has incentive to allocate more time to those other activities. These factors could influence the Advisers not to make investments on a Fund's behalf even if such investments would benefit the Fund, or otherwise reduce the time the Advisers or their affiliates spend managing the Funds.
- The Advisers provide certain investors more frequent or detailed reports, special compensation arrangements and withdrawal or redemption rights that they do not provide to other investors or clients. Some investors are given the opportunity to invest in certain illiquid security investments (within the fund or through a special purpose vehicle) at a lower fee structure.
- The Core Offshore Feeder, the U.S. India Fund and the India Offshore Feeder invest through a "master-feeder" structure. The Core U.S. Fund and the Master Funds in turn at times invest through other non-U.S. vehicles for regulatory or tax reasons. These structures entail risks associated with investing in any non-U.S. security. Changes in U.S. or applicable non-U.S. tax laws may adversely affect the Funds.
- A master-feeder structure presents certain unique risks to investors. For example, a fund may be materially affected by the actions of other, possibly larger, investors in the master fund. Creditors of the master may enforce claims against all assets of the master fund.

General Risks

- A Fund is subject to the risk that war, terrorism, global health crises or similar pandemics, and other related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Fund's investments. War, terrorism and related geopolitical events, as well as global health crises and similar pandemics have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events as well as other changes in world economic, political and health conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Fund's investments. At such times, a Fund's exposure to a number of other risks described elsewhere in this section can increase.

- The global outbreak of the 2019 novel coronavirus (“COVID-19”), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. COVID-19 has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already, and will continue to, adversely affect the Fund’s investments and the industries in which they operate. Furthermore, the Advisers’ ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the Funds’ investment strategies and objectives and the Advisers’ business and to satisfy its obligations to the funds, their investors, and pursuant to applicable law, has been, and will continue to be, impaired. The spread of COVID-19 among the Advisers’ personnel and its service providers would also significantly affect the Advisers’ ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Fund’s investment activities or operations. 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.
- There is no actively traded market for many of the securities owned by the Funds. When valuing these securities, the Advisers will apply a methodology based on their best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Advisers. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and differs from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund’s assets. With respect to the private securities held by the Funds, the exercise of discretion in valuation by the Advisers gives rise to conflicts of interest, valuations (including, for instance, determination of when an investment should be written down or written off) impact the Advisers’ track record and the performance allocation in a Fund is calculated based, in part, on these valuations, and such valuations affect the amount and timing of performance fees and calculation of advisory fees.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that the Advisers must devote to regulatory compliance, to the detriment of investment activities.
- The Advisers are not registered with the SEC as a broker-dealer. The equity interests in the Funds are not registered under the 1933 Act, and the Funds are not registered investment companies under the ICA. The Advisers believe that none of these

registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, the Advisers and the Funds could be subject to expensive and distracting legal action and potential termination. In addition, Fund investors do not have certain regulatory protection that they would have if these registrations were in place.

- The Advisers' activities could cause adverse tax consequences to investors, including liability for interest and penalties. In addition, the application of tax laws affecting performance-based fees, allocations or distributions can create incentives and affect the behavior of Advisers and their personnel with respect to holding or disposing of Fund investments.
- The Advisers' activities may cause a Fund that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- The Advisers and the Funds, and their service providers (including accountants, custodians, transfer agents and administrators), rely heavily on internal and third-party computer hardware and software, online services, data feeds, trading platforms, and other technology to conduct investment and trading activities. Disruptions could materially and adversely affect the Funds.
- The Advisers frequently place the trades electronically. If an electronic trading system or component fails, it may not be possible to enter new orders, execute existing orders or modify or cancel orders, and order priority may be lost.
- Although the Advisers employ various computer security measures, there can be no guarantee that it would be successful in fending off cybersecurity attacks from viruses, malware, computer hackers or other malicious corruption of its information technology systems. Any cybersecurity breach could materially and adversely affect the Funds.
- Misconduct by employees of the Advisers, service providers to the Advisers or the Funds and/or their respective affiliates could cause significant losses to such Funds.
- 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.

- 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.
- On February 21, 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). The following day, the United States, United Kingdom and European Union announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the United States, United Kingdom, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. Further sanctions may be forthcoming, and the U.S. and allied countries have recently announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally (including in the countries in which the Funds may invest),

and therefore could adversely affect the performance of the Funds' investments. Furthermore, 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.

- The Advisers rely upon third-party banks or other custodians to hold and safeguard client assets and provide credit facilities that may be used to pay Fund expenses and purchase new investments. While the Advisers carefully select and monitor their custodians, there is no guarantee that such custodians will not experience financial difficulties or otherwise fail, which could prevent the Advisers from accessing client funds, securities, or credit facilities. The Advisers could be required to call investor capital to pay expenses or purchase investments that otherwise would have been financed through a credit facility, or the Advisers could be prevented from making timely distributions of investor capital in the event a banking counterparty is shut down by regulators. These events could negatively impact Fund performance or result in substantial delays in the return of capital to investors.
- Some countries, including the United States, are currently experiencing and may in the future experience substantial rates of inflation, which may have negative effects on their economies and securities markets. Governmental efforts to curb inflation (such as price controls) may involve drastic economic measures affecting the level of economic activities. There can be no assurance that the relevant governments will be able to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on the Funds or their investments.

The above is only a brief summary of some of the risks that a Fund investor may encounter. Before deciding to invest in a Fund, prospective investors should consider carefully all of the risk factors and other information in the Fund's offering circular or private offering memorandum.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser. VCM and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various limited liabilities companies (the “General Partners”) serve as general partners of the Funds and are related persons of the Advisers. For a description of material conflicts of interest created by the relationship among the Advisers and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Affiliated Adviser

VPM is a relying adviser of VCM. For a description of material conflicts of interest created by the relationship among VCM and its affiliate adviser, VPM, 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 Advisers have adopted a single Code of Ethics in compliance with Rule 204A-1 under the Advisers Act that establishes standards of conduct for the Advisers' supervised persons. The Code of Ethics includes general requirements that the Advisers' supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to the Advisers' Chief Compliance Officer and requires the Chief Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Chief Compliance Officer. Each supervised person of the Advisers receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Current and prospective investors may request to view the Advisers' Code of Ethics by contacting Michaela Beckman at (415) 659-7201.

If Advisers and their partners, members, officers and employees personally invest in the same securities that Advisers trades for the Funds, there is a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for the Funds to profit personally by the market effect of such transactions and recommendations. To address this conflict, the Advisers and their partners, members, officers and employees must obtain pre-approval before engaging in most securities transactions and usually will not be permitted to trade for their own accounts except to liquidate previously existing positions or to invest in mutual funds and cash equivalents, index like products and broad-based exchange traded funds, notes and products. If approved, the Advisers and their partners, members, officers and employees buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, where the Advisers have determined the security, exposure, or allocation is not appropriate for the Funds.

Participation or Interest in Client Transactions

The Advisers and certain employees and affiliates of the Advisers will under certain circumstances invest in and alongside the Funds, either through the General Partners, as direct investors in the Fund or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the management fee and performance-based compensation 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.

Conflicts of Interest

The Advisers and their 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 Advisers, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Advisers address such conflicts of

interest, can be found below.

As discussed above, VCM has an affiliated adviser, VPM, which focuses primarily on a different investment strategy, although such investment strategies may overlap from time to time. In the ordinary course of conducting their activities, the interests of VCM, a VCM Fund or its limited partners will, on occasion, conflict with the interests of VPM, a VPM Fund or its limited partners.

The Advisers have in the past and may, from time to time, in the future establish certain investment vehicles through which certain employees of the Advisers or their affiliates, certain business associates, other “friends of the firm,” or other persons may invest alongside one or more Funds in one or more investment opportunities. Such vehicles may, in certain instances, be contractually required to purchase and sell certain investment opportunities at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such vehicles do not pay advisory fees and performance-based fees.

Resolution of Conflicts

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

- (1) A Fund will not make an investment unless the Advisers believe that such investment is an appropriate investment considered from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the governing documents for the Funds;
- (3) Generally, each Fund advised by VPM has the right to establish an advisory committee, consisting of representatives of investors not affiliated with the Advisers. The advisory committees meet as required to consult with the Advisers as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Advisers will be guided by its good faith discretion;
- (4) Where the Advisers deem appropriate, unaffiliated third parties may be used to help resolve conflicts, or to otherwise assist the Advisers in fulfilling all or part of their voting obligations, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) The Advisers have adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- (6) 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
- (7) In addition, certain provisions of a Fund’s governing documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may

be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

While the Advisers endeavor to resolve all conflicts in a fair and impartial manner, there can be no assurance that their own interests will not influence their conduct and decisions.

Conflicts

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. Additional conflicts are set forth in each Fund's offering documents.

Allocation of Investment Opportunities Among Clients

Because the Advisers manage more than one account, there are conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, the Advisers select investments for each client (namely, the Funds) based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. The Advisers may buy or sell a security or commodity for one type of client but not for another, or may buy (or sell) a security or commodity for one type of client while simultaneously selling (or buying) the same security for another type of client. The Advisers may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client. The Advisers are not obligated to acquire for any account any security or commodity that the Advisers or their partners, officers or employees may acquire for its or their own accounts or for any other client, if in the Advisers' absolute discretion, it is not practical or desirable to acquire a position in such security or commodity for that account.

For example, the India Funds expect to invest in many of the same companies held within the Core Funds' India portfolio. Investment opportunities that are determined to be appropriate for more than one strategy will generally be allocated among them pro rata. However, the Advisers may determine to allocate a suitable opportunity other than on a pro rata basis after taking into account, among other considerations: (a) exposure targets of each account, including avoiding overexposure or underexposure to a particular asset class, geography, industry, sector; etc., or other asset attribute (such as Level III assets); (b) the amount of an account's available capital for investment by each Fund as well as each Fund's projected capacity for investment (including whether a Fund is able to invest all capital required to consummate a particular opportunity); (c) the need to ramp up or rebalance an account's portfolio; (d) whether the investment would create undesirable or adverse tax consequences for an account; (e) an account's liquidity terms; (f) the investment's expected risk/return profile and time horizon; (g) the timing for consummating the investment; (h) investment guidelines or regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; (i) avoiding odd lots or *de minimis* allocations; (j) the size, liquidity and duration of the investment; (k) the use of leverage in the proposed capital structure; and (l) other considerations specific to an account. Sales among accounts holding the same security will be allocated in a similar manner. The foregoing considerations may result in allocations among the Funds other than on a pro rata basis or may result in an account receiving all or none of a particular investment. In addition, under certain circumstances investment opportunities may be allocated solely to the account for which the opportunity was initiated (e.g., a follow-on investment in the same or a similar security) or an upsize of an existing investment.) The Advisers make 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.

The Advisers and/or a Fund may invest in the securities offerings of a portfolio held by another Fund (including through initial public offerings), which would result in the Advisers and/or a Fund receiving an allocation of portfolio company securities. In addition to conflicts of interest arising from the allocation of such securities, this arrangement also leads to similar conflicts described below under "Conflicts Related to Purchases and Sales."

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 Advisers 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 Advisers will determine if the amount of an investment opportunity exceeds the amount the Advisers determine would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Advisers and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Advisers 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' governing documents or, to the extent not addressed in such Funds' governing documents, in accordance with the following paragraphs. There may be circumstances where an amount that could have otherwise been invested by particular Fund is instead allocated to one or more co-investors.

The amount of other fees generated as a result of co-investments in connection with any portfolio company will often not reduce the advisory fees paid by the Funds and will therefore be retained by the Advisers. The allocation of co-investment opportunities will, in many or all cases, also involve a benefit to the Advisers in addition to the receipt of other fees, including the receipt of advisory 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 Advisers 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 will be formed to make investments alongside a Fund. In such cases, the co-investment vehicle will 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 an investor, in general, including in the applicable fund governing documents, and except as specifically agreed with an investor, (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

Advisers or their 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 Advisers or their related persons and 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, (iv) certain persons other than investors in the Funds (e.g., other Funds managed by the Advisers, consultants, joint venture partners, Adviser Investors (as defined below,) persons associated with a portfolio company and other third parties including persons who the Advisers believe 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 Advisers, 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 Advisers or their related persons, and (v) co-investors will generally purchase their interests in a portfolio company at the same time as the Funds or will, on occasion, purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty.) Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements and do not require the Advisers to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, the Advisers from time to time agree to give particular investors, Funds, or other third parties priority access to co-investment opportunities. The existence of such priority co-investment access rights could affect the Advisers' 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.

In exercising their discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Advisers may consider some or all of a wide range of factors, which include, but are not limited to, their own interest and/or one or more of the following:

- The Advisers' evaluation of the size and financial resources of the potential co-investment party and the Advisers' 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);
- 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 Advisers and assume a passive role in governing a portfolio company);
- 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;

- Any confidentiality concerns the Advisers have 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 Advisers' perception of their 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 Advisers 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;
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The Advisers' 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 Advisers' 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); and
- Whether the Advisers believe, in their 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 Advisers 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 Advisers.

The factors above are not listed in order of importance or priority and the Advisers are not required to, and do 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 Advisers' exercise of their discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors,

certain investors in the Funds that are employees, business associates and other “friends and family” of the Advisers, their 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”), 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 Advisers 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 Advisers and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investment parties, to additional advisory fees, carried interest and/or performance-based fees based on the availability of co-investment opportunities offered to such parties.) While the Advisers determine how to allocate investment opportunities in good faith, 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 Advisers are subject, discussed herein, did not exist.

In the event the Advisers determine to offer an investment opportunity to co-investors, there can be no assurance that the Advisers will be successful in offering a co-investment opportunity to a potential co-investor, and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms, 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. 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 Advisers 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 Advisers are 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 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 Advisers or their 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 to the extent allowed and in the manner set forth in the applicable fund governing documents. Except as set forth in such agreements, any such vehicle will be established at the Advisers or their affiliates’ sole discretion and the Advisers and their affiliates have no obligation to offer a similar opportunity to any other investor.

In addition, to the extent the Advisers have discretion over a secondary transfer of interests in a Fund pursuant to such Fund’s governing documents, or is asked to identify potential purchasers in a secondary transfer, the Advisers will do so in its sole discretion, generally taking into account the following factors, among other things:

- The Advisers' evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Advisers' 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 Advisers and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Advisers, 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 governing documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

Conflicts Related to Purchases and Sales

Funds from time to time invest in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Conflicts may arise in connection with such investments. Investment opportunities may, from time to time be appropriate for more than one Fund at different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a transition raise conflicts of interest, and the Advisers may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

Certain clients of the Advisers and their affiliates may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of such Fund will at times conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio

company. The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds will be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Advisers. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. Investments by more than one client of the Advisers in a portfolio company also raise the risk of using assets of a client of the Advisers to support positions taken by other clients of the Advisers, or that a client may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition, where more than one Fund of the Advisers (or their affiliates) invest in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because the Advisers may have an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations, and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if the Advisers determine it is advisable for a Fund to exit an investment at the same time as another Fund of the Advisers or their affiliates, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

The application of a Fund's governing documents and the Advisers' policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Officers, principals, employees and other personnel of the Advisers, as well as officers, principals, employees and other personnel of their affiliates and certain independent contractors (collectively, "Adviser Personnel") and related persons of the Advisers and their affiliates have made and may make capital investments in certain Funds. These investments may be at different times or in non-pro rata amounts, or in different classes or levels of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund will, from time to time invest in opportunities that other Funds have declined, and likewise, a Fund will, from time to time decline to invest in opportunities in which other Funds have invested.

From time to time the Advisers will, in its discretion, enter into transactions with investors in one or more Funds, co-investors, Adviser Investors or third parties to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Advisers will comply with the requirements set forth in the governing documents of the applicable Fund(s), the Advisers will consider some or all of the factors listed above under *“Allocation of Co-Investment Opportunities and Secondary Transactions.”* The sales price for such transactions will be mutually agreed to by the Advisers and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Advisers. Although the Advisers are not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the governing documents of the applicable Fund(s).

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to the governing documents, the Advisers may charge (or may decide not to charge) a co-investor (such as a Fund investor, an Adviser Investor or third party) interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and (b) full guarantee arrangements where such Fund agrees to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to the Fund (including co-investment vehicles through which employees of the Advisers participate) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds’ governing documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Fund would be held responsible for the entire equity purchase price or reverse termination fee, or obligations, as applicable.

The Funds, from time to time, co-invest with third parties through Funds, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of the Fund, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Cross-Transactions

In certain cases, the Advisers will, from time to time cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Advisers might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Advisers, their affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Advisers and their affiliates generally receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Advisers will follow the investment allocation requirements of the relevant Funds (e.g., the governing documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those governing documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the investment allocation requirements, the Advisers will (i) consider their respective duties to each Fund, (ii) determine whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's-length transaction with a third party on commercially reasonable terms, and (iii) obtain any required approvals of the transaction's terms and conditions.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and their affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the Advisers must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Advisers' management of the Funds, the Advisers and their affiliates may from time to time engage in principal transactions. The Advisers have established certain policies and procedures to comply with the requirements of Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of the Funds

The Advisers manage a number of Funds that have investment objectives similar to each other. The Advisers expect that they or their personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients*" above. The Advisers may give advice or take actions with respect to the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund are generally not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment

strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that Adviser personnel responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Advisers, including funds raised in the future or to proprietary investments made by the Advisers and/or their principals of the type made by a Fund. For example, portfolio manager of the Peregrine Funds will also have responsibilities with respect to the VCM Funds. Conflicts of interest arise in allocating time, services or functions of these Adviser personnel. Adviser Personnel have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better-performing Funds.

The Advisers will, from time to time, consider, and reject an investment opportunity on behalf of one Fund and, the Advisers or an affiliate of the Advisers may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Advisers on behalf of the original Fund considering the investment. In such circumstances, the benefitting fund or funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

In addition, the Advisers receive and generate various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics, some of which is sometimes referred to as “big data”. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund’s investment (or prospective investment) in a portfolio company. As a result, the Advisers are better able to anticipate macroeconomic and other trends and financial opportunities, enhance and improve operations of portfolio companies and otherwise develop investment strategies. The Advisers also intend to utilize such data for purposes of identifying new investments opportunities for the Funds. Information from a portfolio company owned by a Fund may enable the Advisers to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for the Advisers and other Funds that do not own an interest in such portfolio company, without compensation or benefit to such Fund or its portfolio companies. Portfolio companies may incur incremental expenses in collecting and organizing information requested or required to be furnished to the Advisers (which expenses are indirectly borne by the Funds). The Advisers have in the past and are likely in the future to enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, the Advisers are generally free to use data and information from a Fund’s activities in its sole discretion for the benefit of the Advisers and other Funds. The sharing and use of “big data” and other information present potential conflicts of interest and any benefits received by the Advisers or their personnel will not be subject to the advisory fee offset provisions or otherwise shared with a Fund or its investors. The Advisers have in the past and are likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Advisers, its affiliates or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, the Advisers may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. The

Advisers have in the past and are likely in the future to utilize such information to benefit the Advisers, their affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds.

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

The Funds will, from time to time enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount.

Follow-on Investments

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

Furthermore, a conflict of interest also arises because a Fund that participates in a follow-on investment in a portfolio company held by another Fund will benefit from the initial evaluation, investigation and due diligence undertaken by the Advisers on behalf of the original Fund and from operational or other information about such portfolio company acquired from the original Fund's ownership of interests in the portfolio company. In such circumstances, such benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Fund and an investment by one or more other Funds in any such portfolio company may dilute the original Fund's interest in such portfolio company.

Conflicts Relating to the General Partner and the Advisers

The Advisers generally may, in their discretion, contract with any related person of the Advisers (including but not limited to a portfolio company of a Fund) to perform services for the Advisers in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Advisers have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. Although infrequent, when Advisers contract with portfolio company of the Fund(s) for a service, the Advisers will seek to ensure that any such contracts are market rate in order to mitigate the perception there is any benefit to the Advisers as a result of the Funds investment in such portfolio company.

Adviser Personnel and other related persons of the Advisers and their affiliates from time to time make capital investments in or alongside certain Funds, and therefore have additional conflicting interests in connection with these investments. By reason of their responsibilities in connection with other activities of the Advisers, certain Adviser Personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold. In addition, Funds from time to time invest in securities of companies in which Adviser Personnel and other related persons of the Advisers and their affiliates have previously invested for their own accounts. Furthermore, Adviser Personnel and other related persons of the Advisers and its affiliates from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. While the significant interests of the Adviser Personnel generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflicts not existed.

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

The Advisers, their affiliates, and partners, officers, principals and employees of the Advisers and their affiliates may buy or sell securities or other instruments that the Advisers have recommended to Funds. Adviser Personnel may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Advisers on behalf of the Fund. In such circumstances, the investing Adviser Personnel will not share or reimburse the relevant Fund(s) and/or the Advisers for any expenses incurred in connection with the investment

opportunity. In addition, officers and employees also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds and/or which may invest in similar industries and sectors as the Funds. Such Adviser Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio companies as the Funds, and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. The transactions described above are subject to the policies and procedures set forth in the Advisers' Code of Ethics and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles. If officers, principals and employees of the Advisers have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of the Advisers generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

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

From time to time, Adviser Personnel may invest in funds or other entities managed by limited partners of a Fund, which could incentivize such Adviser Personnel to afford the limited partner preferential or favored treatment, such as, for example, increased access to co-investment opportunities, and could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing portfolio companies.

Advisory Affiliates

As described in Item 10 above, VPM and VCM have their own clients. Although VPM focuses primarily on a different investment strategy than the VCM, clients of both Advisers 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 VPM's clients would therefore conflict with the interests of the clients of VCM. In addition, Advisers will under certain circumstances allocate investment opportunities away from its clients to the other Adviser's clients. There will also be conflicts of interest with respect to the allocation of fees and expenses among the Funds, the General Partners, the Advisers and their affiliates. In addition, the portfolio managers of Funds will devote portions of their time to other investments and advisory obligations. For example, the portfolio manager of the Peregrine Funds will devote portions of their time to other investments and advisory obligations, including to the VCM Funds. The members of VPM's investment team are personnel of VCM. Such individuals will have responsibilities to both Advisers. Some of the Funds, which include investment vehicles advised by the Advisers formed in the future, will compete with other Funds for

management time or investment opportunities. See “*Allocation of Investment Opportunities Among Clients*,” “*Management of the Funds*” and “*Conflicts Related to Purchases and Sales*” above for more information.

Fee Structure

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

Additionally, as discussed above in Item 6, the General Partners of the Funds are entitled to performance-based fees under the terms of the governing documents of such Funds. Such General Partners are affiliates of the Advisers. The existence of the General Partners’ performance-based fees creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Advisers or their affiliates in a Fund, the clawback obligation of the General Partner (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Advisers’ personnel.

Pursuant to the governing documents, the General Partner may be required to return excess amounts of performance-based fees as a “clawback”. This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

In addition, the General Partner is incentivized to hold on to investments that have poor performance in order to receive ongoing advisory fees in the interim and, potentially, a more likely or larger distribution of a performance-based fee if such asset’s value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the General Partner.

Pursuant to the governing documents, the General Partner may elect to receive its performance-based fees in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner’s incentives otherwise resulting from the existence of its performance-based fees and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition of investments).

Fund Level Borrowing

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to cover any shortfall resulting from an investor’s default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the

borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the General Partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while the Fund will bear the expense of borrowed funds, such borrowings can also increase the performance-based fees received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

Borrowing by the Fund will generally be secured by capital commitments made by the Limited Partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of Unrelated Business Taxable Income.

Providers of Operations Support

The Advisers, the Funds and/or the portfolio companies may retain other companies and individuals ("Operations Support Providers"), which includes employees and former employees of the Advisers, affiliates of the General Partner, employees of the Advisers and such affiliates, portfolio companies of other of the Advisers' funds, third party consultants (including specialized consultants, advisers, industry specialists, external executives, and industry advisory roundtable members, and similar professionals), operating partners, senior advisers, advisers, consultants, venture partners, entrepreneurs-in-residence, executives-in-residence, contractors and other similar professionals.

The Operations Support Providers are engaged to provide operational support, due diligence, research, sourcing, specialized operations and consulting services and similar or related services to the Funds, or in connection with, one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio

companies and from time to time also provide “front office” functions with respect to a Fund, such as sourcing or other investment-related functions (such services collectively “Operations Support Services”). These services may be high level insight or extensive day-to-day roles, and may include support to the General Partner on behalf of the Funds, or portfolio companies regarding, among other things, the company’s management (including serving in management positions or participating in determining corporate strategy), the company’s supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. Certain Operations Support Providers may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operations Support Providers may be offered the ability (or may have a preferred right) to co-invest alongside Funds or will under certain circumstances be offered the opportunity directly by the portfolio company to invest in the company, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Pursuant to the governing documents of the Funds, fees, compensation, expenses and any attributable overhead associated with Operations Support Services (“Operations Expenses”) would be paid and/or reimbursed by the Advisers, portfolio companies and/or the Funds. Operations Expenses (including Operations Expenses incurred in connection with an Operations Support Provider that is an affiliate or employee of the Advisers or their affiliates) will be determined at the discretion of the General Partner taking into account the particular Operations Support Services, may include reimbursement of an allocable portion of an affiliated Operations Support Provider’s compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces), an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in the Funds and/or portfolio company or other incentive-based compensation to the Operations Support Provider, and will generally be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service, and whether an Operations Expense will be paid by the portfolio companies, a Fund, or an Adviser, will be made by the General Partner, in its sole discretion, but will generally be based on whether third parties typically provide such services to investment advisers or companies. Operations Expenses will, from time to time also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services are provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Expenses incurred in connection with such services are borne by the Fund and, indirectly, the investors in such Fund. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations Expenses will be allocated among the Funds as determined by the General Partner or Advisers, consistent with the governing documents of the applicable Funds and as described above (see “*Allocation of Expenses.*”) To the extent any

such Operations Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Expenses will be retained by such Operations Support Provider and will not reduce the advisory fee or any other fees otherwise payable to the Advisers or their affiliates and will not benefit the Fund or its investors, even if the Operations Expenses paid by a Fund or portfolio company have the effect of reducing any retainers or minimum amounts otherwise payable by the Advisers. The determination of whether an Operations Expense is paid by a portfolio company, a Fund, or the Advisers will be made by the Advisers in their sole discretion. The General Partner's determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors. Over time, certain existing and former employees of the Advisers (including senior personnel) may transition to an Operations Support Provider role, which may shift the burden of compensating such persons from the Advisers to the applicable Fund and/or their portfolio companies and any fees received by such persons will not reduce the advisory fee.

Diverse Membership

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Advisers or their affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Advisers and their affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Business with and among Portfolio Companies and Investors

Given the collaborative nature of the Advisers' business and the portfolio companies in which the Funds have invested, there are often situations where the Advisers are in the position of recommending the services of a portfolio company to other portfolio companies of the Funds or funds managed by the Advisers' affiliates, which may involve fees, commissions, servicing payments and/or discounts to the Advisers, their affiliates, or a portfolio company. The Advisers will generally have a conflict of interest in making such recommendations, in that the Advisers have an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Advisers generally have an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Current and former officers and executives of portfolio companies may, under certain circumstances, also invest in a Fund. The Advisers believe this aligns portfolio company management teams with

the best interests of the Fund. The Advisers may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor. In such an instance, the Advisers will determine the course of action that is in the best interest of the Fund.

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, the Advisers may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Advisers to a portfolio company may have adverse consequences to a separate portfolio company owned by another Fund. The performance and operations of a competitor, customer or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company; withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price; increase its own prices, purchase assets from, or sell assets to, another portfolio company; commence litigation against another portfolio company; or prevent one portfolio company from commencing litigation against another portfolio company.

While less common, from time to time a Fund could hold an investment in a different layer of the capital structure than an investor or another party with which the Advisers have a material relationship, in which case the Advisers could have an incentive to cause the Fund or the portfolio company to offer more favorable terms to such parties (including, for instance, financing arrangements).

Portfolio companies controlled by a Fund will under certain circumstances provide services to certain Fund investors or prospective investors. The Advisers have an incentive to cause the portfolio company to favor those investors or prospective investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

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

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by the Advisers or the Advisers' affiliates that, although the Advisers determine to be consistent with the requirements of such Funds' governing documents, may not have otherwise been entered into but for the affiliation with the Advisers, and which may provide economic or other benefits to affiliates of the Advisers that are not subject to the advisory fee offset provisions described herein. For example, the Advisers may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, servicing payments, commissions or similar payments and/or discounts being paid to the Advisers, their affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Advisers may have a conflict of interest because its economic benefit may incentivize the Advisers to maintain such arrangements, the Advisers believe that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing, and the Advisers' benefits from such arrangements are reduced because the Advisers only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Advisers will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

Certain members of a Fund's advisory committee may, in the future, be officers or directors of, or otherwise affiliated with, investors in another Fund. The General Partner of a Fund will from time to time utilize the services of investors and their affiliates on an arm's-length basis with commercially reasonable terms, as it deems appropriate.

Service Providers

Services required by a Fund (including some services historically provided by the Advisers or their affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Advisers or their affiliates. The Advisers and their affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser Personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation and valuation positive assurances, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by the Advisers to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and the Advisers have no obligation to inform such Funds or investors of such a change. In addition, certain internal service providers (such as internal accountants) may "shadow" or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the relevant Funds.

The Advisers and/or their affiliates may engage certain service providers to provide services to the

Advisers, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Advisers may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of the Advisers or their affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that the Advisers may have with a service provider can influence the Advisers in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. The Advisers will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Advisers information about markets and industries in which the Advisers operate or are interested or will provide other services that are beneficial to the Advisers. Although the Advisers select service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Advisers, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

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

Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to the Advisers, their personnel or their affiliates, and the advisory fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

While the Advisers often do not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which the Advisers receive more favorable service rates or arrangements than the Funds or their portfolio companies.

The Advisers or their affiliates and 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 Advisers or their affiliates differ from those required by the Funds and/or their portfolio companies, the Advisers and their affiliates will pay different rates and fees than those paid by the Funds and/or their portfolio companies.

The Advisers or their affiliates will under certain circumstances engage certain service providers

(including law firms) on behalf of the Funds and personnel of such service provider have in the past and may in the future be seconded to the Advisers or their affiliates on a temporary basis, pursuant to various arrangements including at cost or at no cost. The Advisers are, from time to time, a beneficiary of these arrangements as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to the Advisers, their affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in the Advisers' discretion taking into consideration the usage of such personnel. In such circumstances, a conflict of interest exists because the Advisers or their affiliates have an incentive to select one service provider over another on the basis that the Advisers or their affiliates may receive the benefit of seconded employees from such service provider, particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not the Advisers or their affiliates.

Positions with Portfolio Companies

Adviser Personnel serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such Adviser Personnel's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an Adviser Personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such Adviser Personnel may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Adviser Personnel serving as directors also may make decisions for a portfolio company that negatively impacts returns received by a Fund investing in the portfolio company. Such employees are required to remit any remuneration they may receive as directors to the applicable Funds. In addition, employees of the Advisers may leave the employment of the Advisers or their affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

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

From time to time employees of the Advisers may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such employee's employment with the Advisers. In such circumstances, any compensation or fees received by such former employee is not subject to the advisory fee offset described above, or otherwise shared with the Funds and/or investors.

In addition, the Advisers may continue to receive other fees from a portfolio company after a Fund has fully exited its ownership interest (for instance, in respect of consulting arrangements or group purchasing arrangements). In such circumstances, any fees received with respect to such exited investment is not subject to the advisory fee offset described above, or otherwise shared with the Funds and/or investors.

In connection with co-investment opportunities, some co-investors (which may include one or more investors in the Funds) are often provided with the opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on the board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in the Funds. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of the Advisers to take actions with respect to the portfolio company that the Advisers consider to be in the best interests of the Funds.

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

Side Letter Agreements; Advisory Committee Rights

The Advisers reserve the right to enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, modification of representations, indemnification and/or liability and other obligations, veto rights and liquidity or transfer rights. In addition, side letter arrangements with certain investors of the Funds from time to time impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. Also, investors will have no recourse against a Fund, the applicable

Fund's general partner, the Advisers or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund. Except as otherwise agreed with an investor, the Advisers (or applicable General Partner) are not required to disclose the terms of side letter arrangements with other investors in the same Fund. Certain side pocket investments have fee structures or liquidity terms that differ from those of the Funds. Current and former employees and their family members typically are not subject to the Funds' standard fee and liquidity terms.

Due in part to the fact that potential investors in a Fund or a co-investment opportunity (see below) may ask different questions and request different information, the Advisers may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Generally, each Fund advised by VPM has the right to establish an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Advisers and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representative of the advisory committee may have various business and other relationships with the Advisers and their partners, members, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members may be asked to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

Other Potential Conflicts

The governing documents of a Fund establish complex arrangements among the Funds, the Advisers, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the governing documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Advisers will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Advisers and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Advisers and/or their affiliates, the parties may engage separate counsel in the sole discretion of the Advisers and their affiliates, and in litigation and other

circumstances separate representation may be required. Additionally, the Advisers and the Funds and the portfolio companies of the Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Advisers, the Funds, and/or the portfolio companies. This may result in the Advisers receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Advisers receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Advisers, 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 Advisers will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

The Advisers and their personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses will result in “miles” or “points” or credit in loyalty/status programs to the Advisers and/or their personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit the Advisers and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for Adviser Personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser Personnel to the extent the trip also serves a personal purpose.

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

Investors may be introduced to the Advisers, or may be brought in a Fund, by a third-party consultant from which the Advisers or a Related Person purchase products and to which the Advisers or a Related Person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

Funds purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, the Advisers and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Advisers that cover one or more Funds and/or the Advisers (including their respective directors, officers, employees, agents,

representatives, members of the advisory committee and other indemnified parties). The Advisers will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Advisers on a fair and reasonable basis, and may make corrective allocations should they determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Certain portfolio companies of the Funds are, or have been, counterparties or participants in agreements, transactions or other arrangements with the Advisers, their affiliates, other portfolio companies of the Advisers’ clients, to receive favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. The Advisers are often eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to advisory fee offsets or otherwise shared with the relevant Funds.

The governing documents of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner’s share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates (including managing directors and employees) in kind, while disposing of limited partners’ share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the General Partners and the limited partners of the applicable Fund, because the General Partner has an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the General Partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners.) Furthermore, the General Partner, or its affiliates, may receive distributions in kind from an investment disposition. In the event the General Partner, or its affiliates, receive such a distribution, the General Partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the General Partner shall determine. The ability of the General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund.

The Advisers may, from time to time, require, cause or invite the Funds and/or a portfolio company to make contributions to charitable initiatives, or other non-profit organizations that the Advisers believe could, directly or indirectly, enhance the value of the Funds’ investments, assist in completing an acquisition of a portfolio company or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their portfolio company. Such contributions could be designed to benefit employees of a portfolio company, the community in which a portfolio company operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio company. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of the Advisers, portfolio company management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with the Advisers, the Funds or the portfolio companies. These relationships could influence the Advisers’ decision whether to require, cause or invite the Funds or the portfolio companies to make charitable contributions. Further, from time to time, such charitable contributions by the Funds or the portfolio companies could supplement or replace charitable contributions that the Advisers would have otherwise made. Also, in certain instances, the Advisers may, from time to time, select a service

provider or other counterparty to the Funds or their investments based, in part, on the charitable initiatives of such person where the Advisers believe such charitable initiatives could, directly or indirectly, enhance the value of the Funds' investments or otherwise be beneficial to the portfolio companies.

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

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

Item 12. Brokerage Practices

The Advisers have complete discretion in selecting the broker or futures commission merchant that it uses for client transactions and the commission rates that the Funds pay such brokers and futures commission merchants. Best execution is not limited solely to the consideration of the best available commission rate. In selecting a broker or futures commission merchant for any transaction or series of transactions, the Advisers generally will consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- confidentiality;
- financial strength and stability;
- efficiency of execution and error resolution;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities;
- order of call;
- offering to the Advisers on-line access to computerized data regarding Fund accounts;
- computer trading systems;
- the availability of stocks to borrow for short trades;
- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- technical data;
- performance measurement data; and
- on-line pricing.

The Advisers from time to time will also purchase from a broker or futures commission merchant or allow a broker or futures commission merchant to pay for the following (each a “soft dollar” relationship):

- research reports, services and conferences, including third-party research fees;
- consultations;

- on-line pricing;
- news wire and data processing charges;
- quotation services;
- custody, recordkeeping and similar services;
- proxy voting services;
- supplies;
- accounting and administrative fees; and
- legal fees.

The Advisers will under certain circumstances receive soft dollar credits based on securities and commodities transactions with brokers and futures commission merchants or direct a broker or futures commission merchant that executes transactions to share some of its commissions with a broker or futures commission merchant that provides soft dollar benefits to the Advisers.

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

The Funds have retained prime brokers and custodians to custody the Funds’ assets and provide the Advisers with other services, as set forth in each Fund’s governing documents. These services will from time to time include: technology services (such as internet access, IT support, Bloomberg connections, wireless networking, email archiving and disaster recovery systems), portfolio reporting and access to electronic communications networks. These firms also will from time to time, at their discretion, provide capital introduction services. The Advisers use these services for research and trading on behalf of the Funds. Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if the Advisers did not receive these services from these firms, the Advisers would be required to pay for all or some portion of them. The Advisers are not required to direct a particular number of trades to any of these firms or to continue to use them as the Funds’ custodians, but it has an incentive to do so based on their prior and continued services.

The Advisers will from time to time pay to a broker or futures commission merchant commissions and mark-ups that exceed those that another broker or futures commission merchant might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker or futures commission merchant provides. The Advisers determine in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or the Advisers’ overall fiduciary duty to Fund investors. The Funds will from time to time, however, pay higher commissions and mark-ups than are otherwise available or will from time to time pay more commissions or mark- ups based on account trading activity. The research and other

benefits resulting from the Advisers' brokerage relationships benefit the Advisers' operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits. The Advisers does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

The Advisers' relationships with brokers and futures commission merchants that provide soft dollar services influence the Advisers' judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. The Advisers have an incentive to select or recommend a broker or futures commission merchant based on the Advisers' interest in receiving soft dollar services rather than the Funds' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that the Advisers use soft dollars to pay expenses it would otherwise be required to pay itself.

The Advisers address these conflicts of interest by quarterly evaluating the trade execution services that the Advisers receive from the brokers and futures commission merchants that they use to execute trades for the Funds. Such evaluation includes comparing those services to the services available from other brokers and futures commission merchants. The Advisers consider, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers or futures commission merchants, increasing or decreasing targets for each broker or futures commission merchant and the appropriate level of commission rates.

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

Item 13. Review of Accounts

VCM's President, Christopher R. Hansen, generally reviews all accounts daily. With respect to VPM, Daniel Karubian will generally review all accounts. Those reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels. Each VCM advised Fund investor receives a monthly report stating performance for the month and a quarterly letter discussing annual performance and investment outlook. Each VPM advised Fund investor receives a quarterly performance report and a quarterly letter discussing annual performance and investment outlook. The Advisers' Chief Financial Officer, Brian Miller, monitors the Funds' books and records and assets and liabilities, generally on a daily basis.

Item 14. Client Referrals and Other Compensation

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

Item 15. Custody

In accordance with Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), the Advisers are deemed to have custody of the Funds’ assets since affiliates of the Advisers serve as general partners of the Funds. As a result, each Fund is audited by an independent accounting firm that is both registered and subject to the inspection of the PCAOB. The financial statements are delivered to each investor of the Funds within 120 days following the Funds’ fiscal year-end.

Item 16. Investment Discretion

The Advisers have discretionary authority to manage the Funds pursuant to a grant of authority in each Fund's limited partnership agreement or a limited power of attorney in the Fund's account agreement.

Item 17. Voting Client Securities

The Advisers vote all proxies on behalf of each Fund based on the Advisers' determination of the Fund's best interests, unless they abstain, as noted below. In determining whether a proposal serves a Fund's best interests, the Advisers consider a number of factors, including:

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

The Advisers abstain from voting proxies when the Advisers believe that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between the Advisers and a Fund, the Advisers will consult the board of directors or appropriate governing body of a Fund to determine the appropriate vote.

A Fund investor can obtain a copy of the Advisers' proxy voting policy and a record of votes cast by the Advisers on behalf of that Fund by contacting the Advisers.

The Advisers typically have authority to direct the Funds' participation in class actions. The Advisers will generally participate and file the necessary claim forms through the use of an unaffiliated third-party service provider. The service provider receives a contingency fee and is not compensated unless a recovery is obtained. The Advisers will periodically review this process to determine if the cost associated with such filings exceeds the benefits.

Item 18. Financial Information

Not applicable.

Item 19. Requirements for State-Registered Advisers

Not applicable.