

**ITEM 1- COVER PAGE**

**PART 2A OF FORM ADV  
FIRM BROCHURE FOR:**

**H. BARTON ASSET MANAGEMENT, LLC**



**March 30, 2023**

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**This Brochure provides information about the qualifications and business practices of H. Barton Asset Management, LLC (“HBAM”). If you have any questions about the contents of this Brochure, please call us at 415-655-6351. 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.**

**HBAM is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any certain level of skill or training.**

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

## ITEM 2 – MATERIAL CHANGES

Material changes since the Form ADV Part 2A was filed on March 26, 2019 include the following:

- The regulatory assets under management (RAUM) in Item 4 has been updated to reflect that as of 12/31/2023 H. Barton Asset Management, LLC (“**HBAM**”) manages \$1,295,419,027 of client assets on a discretionary basis.

HBAM has revised the language in various sections of this Brochure but has not materially altered any of its other responses in this Brochure.

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## ITEM 4 – ADVISORY BUSINESS

**Item 4.A Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

H. Barton Asset Management, LLC (“**HBAM**”) was formed in 2010 and is primarily owned by Harris Barton (the “**Principal**”).

HBAM provides discretionary investment advisory services to a number of privately offered pooled investment funds, including the Funds of Funds and the Direct Funds (each defined below) (collectively the “**Funds**”). HBAM advises a number of funds of funds (the “**Fund of Funds**”) that invest in a select list of U.S. venture capital funds (“**Portfolio Funds**”) managed by third-party investment advisers (“**Portfolio Managers**”).

Additionally, HBAM has established certain Funds to invest directly in private companies typically alongside third-party venture capital fund managers (“**Direct Funds**”).

### **Advisory Structure**

The activities of each Fund are governed by an operating agreement, or similar document (each an “**Operating Agreement**”), that specifies the investment guidelines and investment restrictions applicable to each Fund.

HBAM serves as the managing member of each of the Funds (the “**Managing Member**”), although it may in the future organize separate entities to serve as managing members of future formed funds. As the Managing Member, HBAM provides investment management and advisory services and retains management authority over the business and affairs of the Funds.

**Item 4.B Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

HBAM offers investment advice solely with respect to the investments made by the Funds. Such services consist of investigating, identifying, and evaluating investment opportunities and making investments on behalf of the Funds, monitoring the performance of such investments, and disposing of such investments. As noted above, HBAM advises Funds of Funds that invest in select venture capital Portfolio Funds and Direct Funds that invest in portfolio companies generally, but not always, alongside select third-party venture capital fund managers.

**Item 4.C Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

HBAM generally has broad and flexible investment authority with respect to the Direct Funds. With respect to the Funds of Funds, HBAM may cause them to invest in the venture capital funds managed by Portfolio Managers on a pre-disclosed list. Each Fund's investment objective and strategy is set forth in the respective Fund's Operating Agreement or confidential private placement agreement ("**PPM**"). HBAM tailors its investment advice to each Fund in accordance with the Fund's investment objectives and strategy as set forth in such documents. Certain investment limitations are included in the Operating Agreements. All investors in the Funds ("**Investors**") are provided with an Operating Agreement and a PPM prior to making an investment. Investors are urged to carefully review those documents prior to making an investment.

HBAM has and may in the future enter into side letter agreements with certain Investors. Side letters are negotiated prior to investment and may establish rights that supplement, or alter the terms of, the applicable Operating Agreement. Pursuant to such side letters, certain Investors may have rights which are not available to other Investors for example, advisory committee representation.

**Item 4.D If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Not applicable. HBAM does not participate in wrap fee programs.

**Item 4.E If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2023, HBAM manages approximately \$1.295,419,027 of Fund assets on a discretionary basis. HBAM does not have any Funds whose assets are managed on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

**Item 5.A Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Any new Fund launched by HBAM may have materially different terms than those summarized below. The fees paid by the Funds are negotiable by Investors only prior to an investment in the Fund, at the discretion of the Managing Member.

With respect to the Funds of Funds, HBAM is generally compensated for its advisory services through asset-based management fees of 1% of the aggregate amount contributed by the Fund of Fund to the Portfolio Funds, subject to certain limitations as described in the applicable Operating Agreement. The management fee is typically paid quarterly in arrears.

For each Direct Fund, the management fee is generally 2% of the aggregate capital commitments of the Fund, payable quarterly in advance.

In addition, with respect to the Direct Funds, and as described in more detail in Item 6 below, the Managing Member generally receives a performance allocation (commonly referred to as “**Carried Interest**”) in each Direct Fund (pursuant to the terms in each Operating Agreement).

HBAM may, in its sole discretion waive or reduce the fees and expenses detailed in this Item 5.

**Item 5.B Describe whether you deduct fees from *clients*’ assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.**

HBAM deducts the management fees applicable to the appropriate Fund directly from the Fund’s assets. Performance based compensation described in Item 6 below is paid to the Managing Member upon the satisfaction of certain conditions as set forth in the applicable Operating Agreement. Funds do not have the ability to choose to be billed directly for fees incurred.

**Item 5.C Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.**

As set forth in the Operating Agreement, each Fund of Fund shall bear all costs and expenses associated with the formation, operation, dissolution, winding-up, or termination of the Fund of Fund, including: (i) all out-of-pocket expenses associated with the organization of the Managing Member or the Fund of Fund or the syndication of interests therein; (ii) legal, accounting, audit, custodial and other professional fees as well as consulting fees relating to services rendered to the Fund of Fund that could not reasonably have been rendered by the Managing Member or its members; (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions; (iv) transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of Fund of Fund assets; (v) insurance premiums, indemnifications, costs of litigation and other extraordinary

expenses; (vi) costs of financial statements and other reports to members as well as costs of all governmental returns, reports and other filings; (vii) costs of meetings of the members and the advisory committee (including the reasonable travel and other out-of-pocket costs incurred by the Managing Member and the advisory committee members in attending such meetings); (viii) interest expenses; (ix) the management fee and all costs associated with the liquidating trust; (x) advertising and public notice costs; and (xi) any other expenses not listed in the preceding clauses (i) through (x) that are not normal operating expenses of the Managing Member. In addition each Portfolio Manager will charge “carried interest” (typically, between 20-25% of the Portfolio Funds net profit) and a management fee (typically, between 2-2.5% per year of the Portfolio Fund’s aggregate committed capital).

Direct Funds expenses are detailed in the respective Operating Agreement. In general, each Direct Fund’s costs and expenses include: (i) organization and syndication costs; (ii) legal, accounting, audit, custodial, consulting and other professional fees; (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions; (iv) transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of Direct Fund assets; and (v) costs of financial statements and other reports.

The above is just a general description. Expenses may vary from Fund to Fund and Investors are encouraged to refer to the applicable Operating Agreement.

We believe transparency is an important element of a strong relationship with our Investors. Although partnership expenses are disclosed in each Fund’s annual financial statements we have provided a summary of additional expenses below.

#### Allocation of Expenses

Expenses pertaining directly to a Fund will be charged to that Fund. If any expenses are associated with two or more Funds, such expenses will be allocated equitably among the applicable Funds by the Managing Member in its reasonable discretion.

*It is important that Investors refer to the relevant governing documents for a complete understanding of expenses and fees they may pay through an investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.*

**Item 5.D If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

As described in Item 5.B, management fees applicable to each Direct Fund are paid quarterly in advance to HBAM pursuant to the applicable Operating Agreement. In the event that the Term of a Direct Fund (as defined in such Direct Fund’s Operating Agreement) ends prior to the end of a quarter, the management fee for such quarter shall be re-calculated and pro-rated on a daily basis, and any amount

of management fee paid in excess with respect to such quarter shall be refunded to such Fund in the winding up process.

**Item 5.E If you or any of your *Access Persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Not applicable to HBAM.

**Item 5.E.1 Explain that this practice presents a conflict of interest and gives you or your *Access Persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.**

Not applicable to HBAM.

**Item 5.E.2 Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.**

Not applicable to HBAM.

**Item 5.E.3 If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.**

Not applicable to HBAM.

**Item 5.E.4 If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.**

Not applicable to HBAM.



## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

If you or any of your *Access Persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *Access Persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *Access Persons* face by managing these accounts at the same time, including that you or your *Access Persons* have an incentive to favor accounts for which you or your *Access Persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5.B. above, with respect to the Direct Funds the Managing Member receives performance-based compensation, also referred to as Carried Interest. In general, each Direct Fund allocates a percentage of its net profits to the Managing Member.

The fact that the Managing Member receives Carried Interest from the Direct Funds and not the Funds of Funds does not create a conflict of interest due to the fact that the Funds of Funds pursue an entirely different investment strategy (a fund of funds strategy) than the Direct Funds do (a direct investment strategy). Therefore there is no potential for the Managing Member to direct certain investments to a Fund that pays a Carried Interest as the investments for the Direct Funds are not appropriate for the Funds of Funds.

The possibility that a Managing Member may receive Carried Interest creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based distributions.

HBAM mitigates the potential for conflicts of interest that may arise as a result of the Direct Funds' performance-based fees through disclosing this conflict to Investors and by adhering to its fiduciary duty.

## ITEM 7 – TYPES OF CLIENTS

**Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

HBAM provides investment advisory services to the Funds, described in Item 4, above. Investment advice is provided directly to the Funds and not individually to Investors. Interest in the Funds is offered pursuant to applicable exemptions from registration under the Securities Act and the Investment Company Act of 1940. In general, Investors in the Funds are accredited investors (as defined in Regulation D under the Securities Act of 1933) and qualified clients (as defined in Rule 205-3 of the Investment Advisers Act of 1940). The minimum initial investment by Investors ranges between \$50,000 - \$5,000,000 and subject to waiver at the discretion of HBAM.

Any new Fund launched by HBAM may have different terms than those summarized above.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

**Item 8.A Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.**

The following summarizes the methods of analysis and investment strategies used by HBAM in formulating investment advice.

The Funds of Funds will focus on investments in venture capital funds that are of a certain size and have been in existence for a certain period of time. Each Fund of Funds has a pre-defined list of venture capital firms with which the Fund of Funds may invest. Many of the venture funds will be either closed to investors who are not historic limited partners of the venture capital firm or are otherwise over-subscribed. Several criteria that define the venture firms include a GP/LP structure, proven ability to develop proprietary deal flow, established investment process, the ability to lead financing transactions and institutional grade operations including reporting, tax and audit.

The Direct Funds will focus on investments in private equity, primarily venture capital, investing, primarily through acquiring, holding, and disposing of equity securities issued by private companies. The Direct Funds also will invest idle cash in high quality securities on a short-term basis and engage in other activities customary to private equity investment funds.

***There can be no assurance that HBAM will achieve its investment objectives or that the investment strategies employed by HBAM and the Funds will be successful. Investing in securities involves a risk of loss the Investor should be prepared to bear.***

**Item 8.B For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

An investment in each Fund of Funds involves a high degree of risk, and is suitable only for Investors of substantial means who have no immediate need for liquidity of the amount invested, and who can afford a risk of loss of all or a substantial part of such investment. Prospective purchasers should carefully consider the following risk factors.

1. *Limited Operating History.* The Fund is a newly formed entity and has no operating history. The Fund's investment program should be evaluated on the basis that there can be no assurance that the Managing Member's assessment of the prospects of investments will prove accurate or that the Fund will achieve its investment objective. Past performance of the principal of the Managing Member is not necessarily indicative of future results.

2. *No Assurance of Profits, Cash Distributions, or Appreciation.* There is no assurance that the investments of the Fund will be profitable, or that any distribution will be made to the investors in the Fund (the

***“Non-Managing Members”*** and together with the Managing Member, the ***“Members”***). The expenses of the Fund may exceed income. Any return on investment to the Non-Managing Members will depend upon successful investments made by the funds in which the Fund will be investing (the ***“Venture Funds”***). There is no assurance that the Fund will be permitted to invest in any particular Venture Fund. Even if the Fund is accepted in one or more of such Venture Funds, there is no assurance of the amount which the Fund will be permitted to invest, or that the Venture Funds will achieve results as good as their historical investment records. Venture Funds will charge the Fund a significant “carried interest” (typically, between 20-25% of the Venture Fund’s net profits) and a significant management fee (typically, between 2-2.5% per year of the Venture Fund’s committed capital), and there is no assurance that the Fund’s investment in any Venture Fund will be profitable. The Fund’s investment in any Venture Fund will be illiquid and difficult to value.

There is no assurance that portfolio company investments made by Venture Funds will be successful. The marketability and value of any such investments will depend upon many factors beyond the control of the Managing Member. Capital markets, including the public market for high technology companies, have been extremely volatile in recent years. Many portfolio companies of Venture Funds may need substantial additional capital to support growth or to achieve or maintain a competitive position, and will have substantial variation in operating results from period to period. These portfolio companies can experience failures or substantial declines in value at any stage and may face intense competition. Generally, there will be little or no collateral to protect an investment once made. In most cases, portfolio company investments by Venture Funds will be long term in nature and may require many years from the date of initial investment before disposition.

3. *Long-Term Investment.* An investment in the Fund is a long-term commitment, and there is no assurance of any distribution to the Non-Managing Members prior to liquidation of the Fund.

4. *Limited Transferability of Interests.* The Operating Agreement will contain substantial restrictions upon the transferability of the membership interests to be offered. Withdrawal of membership interests from the Fund generally will not be permitted, and even if permitted, a withdrawn Non-Managing Member may not be entitled to immediate payment for its membership interest. There is no public market for these interests, and it is not expected that a public market will develop.

5. *Competition.* The ability to invest in leading venture funds is extremely competitive, and the Fund will be competing with other established investors with substantial resources and experience. Such competition means that even if the Fund is able to invest in a venture fund associated with a particular Venture Firm, the Fund may not be able to commit its desired amount of capital to such fund and/or may be required to invest in a vehicle other than such Venture Firm’s “flagship” fund (including a vehicle that pursues a different investment strategy than such flagship fund).

6. *Reliance on Individuals.* The Fund will be particularly dependent on Harris Barton, the managing member of the Managing Member, to gain access to investing in top tier Venture Funds. The success of the Venture Funds will in turn be particularly dependent on the individual fund managers of such Venture Funds. The loss of services of Mr. Barton or any of the fund managers of the Venture Funds could have a material adverse effect on the results of operations of the Fund. The Non-Managing Members will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the Managing Member, or the fund managers of the Venture Funds, in making decisions.

Although the Managing Member may have access to certain individuals who may provide advice, industry contacts, deal flow, technical expertise or other benefits (e.g., Advisory Committee members), generally such persons will have no contractual or other obligation to provide any actual strategic or other benefits to the Fund

or the Managing Member, and prospective investors should not depend on any specific benefits accruing to the Fund from such persons.

7. *Changes in Environment.* The Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, legal and technological environment within which the Fund operates may undergo substantial changes, some of which may be adverse to the Fund. The Managing Member will have the exclusive right and authority (within limitations set forth in the Operating Agreement) to determine the manner in which the Fund shall respond to such changes, and Non-Managing Members generally will have no right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof. Prospective investors are particularly cautioned that the investment sourcing, selection, and liquidation strategies and procedures exercised by members of the Managing Member in the past may not be successful, or even practicable, during the Fund's term. The Venture Funds generally expect to make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities and counties or agencies of other countries and jurisdictions in which the Fund or the Venture Funds operate. New and existing regulations, changing regulatory requirements and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies of the Venture Funds that operate in these industries. The Managing Member cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can it predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulations, promulgated, including changes to existing laws and regulations, in countries where the Fund invests will not adversely affect the Fund, any Venture Fund, their portfolio investments or the Fund's investment performance.

8. *Recourse to the Fund's Assets.* The Fund's assets, including any investments made by the Fund and any capital held by the Fund, are available to satisfy all liabilities and other obligations of Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

9. *Potential Expulsion of Non-Managing Members.* The Managing Member will be authorized to take any remedial action necessary or desirable so that (i) the Fund is not in violation of the Investment Company Act of 1940, as amended (the "**Company Act**"), (ii) the Fund's assets are not deemed to be "plan assets" for purposes of Employee Retirement Income Security Act of 1974, as amended, (iii) the Managing Member is not in violation of the Investment Advisers Act of 1940, as amended, and (iv) none of the Fund, the Managing Member or any of their affiliates is in violation of any other material law, regulation or guideline applicable to the Fund, the Managing Member or such affiliate. Such remedial action by the Managing Member may include (x) canceling or reducing the capital commitment of any Non-Managing Member, or (y) requiring the sale in whole or in part of any Non-Managing Member's Interest or otherwise causing the withdrawal of any Non-Managing Member from the Fund.

10. *Reliance on Third Parties.* The Managing Member and the Fund will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Fund could have a material adverse effect upon the Fund.

11. *Dilution.* Following the Fund's initial closing, the Managing Member will be authorized to admit additional Non-Managing Members (or accept increased capital commitments from existing Non-Managing Members) during a specified period (the "**Admission Period**"). For purposes of allocating Fund profit and loss, all capital commitments made during the Admission Period generally will be treated as if made at the Fund's initial closing. In consequence, additional Non-Managing Members (or existing Non-Managing Members that increase

their capital commitments) may effectively “buy into” the Fund during the Admission Period at a price that does not necessarily reflect changes in the value of the Fund’s assets subsequent to the initial closing.

12. *Distributions in Kind.* The Venture Funds may from time to time distribute portfolio company securities to the Fund, which the Fund may in turn distribute to the Members. Except as specifically provided in the Operating Agreement, such distributions will be made solely at the discretion of the Managing Member. Distributed securities may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the Members without such sales triggering a price decline, which makes it difficult or impossible for all Members to sell such securities at the distribution price. Nevertheless, the distribution price of such securities will be established under the provisions of the Operating Agreement and will not be adjusted to reflect actual sale prices obtained by the Members.

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

The Fund makes no guarantees about the reliability of the cryptography used to create, issue, or transmit assets held by the Fund. It may be illegal, now or in the future, to own, hold, sell or use Digital Assets in one or more countries, including the United States. Although currently some uses of Digital Assets, and the operation of the underlying blockchain networks, may not be regulated or may be lightly regulated in most countries, including the United States, one or more countries may take further regulatory action in the future to severely restrict the right to acquire, own, hold, sell or use Digital Assets or to exchange Digital Assets for fiat currency. Such an action may restrict the Fund's ability to hold or trade Digital Assets and may adversely affect an investment in the Fund.

14. *AIFMD.* The Alternative Investment Fund Managers Directive ("**AIFMD**") came into force on 21 July 2011, and certain fund managers have been obliged to comply with (a) the European Economic Area ("**EEA**") Member States' respective AIFMD implementing laws; and (b) the United Kingdom's AIFMD implementing laws, since July 22, 2013. The AIFMD and the United Kingdom's AIFMD implementing laws regulate the activities of private fund managers undertaking fund management activities or marketing fund interests to investors domiciled or with a registered office in the EEA. If the Fund is marketed to these investors: (a) the Fund will be subject to certain reporting, disclosure and other compliance obligations, which may result in the Fund incurring additional costs and expenses; and (b) certain activities of the Fund will also be restricted including, in some circumstances, the Fund's ability to facilitate, support or instruct any distribution, capital reduction, share redemption and/or acquisition of shares by an EEA or UK portfolio company within the first two years of ownership.

15. *No Assurance of Confidentiality.* As part of the subscription process and otherwise in their capacity as Non-Managing Members, investors will provide significant amounts of information about themselves to the Managing Member and the Fund. Under the terms of the Operating Agreement as well as applicable laws, such information may be made available to other Non-Managing Members, third parties that have dealings with the Fund, and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps to mitigate the impact upon them of such disclosures (such as by investing in the Fund through an intermediary entity).

16. *Limited Access to Information.* The rights of Non-Managing Members to information regarding the Fund and the Venture Funds will be specified and strictly limited in the Operating Agreement and as a result of confidentiality provisions contained in the governing documents of the Venture Funds. In particular, it is anticipated that the Managing Member will obtain certain types of material information that will not be disclosed to Non-Managing Members. For example, the Managing Member may obtain information regarding Venture Funds and their portfolio companies that is material to determining the value of the Fund's investments. Such information may be withheld from Non-Managing Members in order to comply with duties to Venture Funds or otherwise to protect the interests of the Fund, the Venture Funds, or their portfolio companies. Decisions by the Managing Member to withhold information may have adverse consequences for Non-Managing Members in a variety of circumstances. For example: (i) a Non-Managing Member that seeks to sell its interest in the Fund may have difficulty in determining an appropriate price for such interest; (ii) decisions by the Managing Member to withhold information may make it difficult for Non-Managing Members to subject to the Managing Member to rigorous oversight; and (iii) each communication from the Managing Member to one or more Non-Managing Members must be interpreted in light of the realistic possibility that the Managing Member is in possession of undisclosed information relating to the Fund, the Venture Funds, or their portfolio companies that could be material to a comprehensive assessment of such communication.

17. *Exculpation and Indemnification.* The Operating Agreement will contain provisions that relieve the Managing Member and its members of liability for certain improper acts or omissions. For example, the Managing Member and its members generally will not be liable to the Non-Managing Members or the Fund for

acts or omissions that constitute ordinary negligence. Under certain circumstances, the Fund may even indemnify the Managing Member and its members against liability to third parties resulting from such improper acts or omissions. Furthermore, it is expected that the Managing Member will be structured as a limited liability company and that the individual members of the Managing Member generally will not be personally liable for the Managing Member's debts and obligations. In consequence, Non-Managing Members may have little or no recourse to the personal assets of the individual members of the Managing Member even in the event that the Managing Member breaches a duty to the Non-Managing Members or the Fund.

18. *Consequences of Failure to Pay Contribution in Full.* If a Non-Managing Member fails to pay any installment of its capital commitment, the Managing Member may elect to cause the defaulting Non-Managing Member to forfeit 100% of any future profits (but not losses) that otherwise would have been allocable to the Non-Managing Member. The Managing Member may require that the remainder of the defaulting Non-Managing Member's capital commitment be canceled, and may designate a person or entity to assume the entire unpaid balance of the defaulting Non-Managing Member's commitment and succeed to all of the rights of the defaulting Non-Managing Member's interest. In addition, the Managing Member may pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount, including attorneys' fees, to be paid by the defaulting Non-Managing Member. Furthermore, if a Member fails to pay when due installments of its capital commitment to the Fund, and the contributions made by non-defaulting Members and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due, including its capital contribution obligations to the Venture Funds. As a result, the Fund may be subjected to significant penalties that could materially and adversely affect the returns to the Members (including non-defaulting Members).

19. *Concentration of Investments.* The Venture Funds' portfolios may become concentrated in a limited number of companies in certain high technology industries, increasing the vulnerability of the Venture Funds. In certain cases, one or more of the Venture Funds may acquire majority or greater interests in portfolio companies, which could further increase the vulnerability of the Venture Funds.

20. *Other Regulatory Concerns.* The Managing Member believes the nature of the Fund will not subject it to the registration requirements of the Company Act. There is no assurance that the Managing Member's belief in this regard will continue to be correct. The performance of the Fund's investment portfolio could be materially adversely affected, and risks involved in financing developing companies could substantially increase, if the Fund or the Managing Member becomes subject to the Company Act, due to the various burdens of compliance therewith. Neither the Fund nor its counsel can assure investors that, under certain conditions, changing circumstances, or changes in the law the Fund may not become subject to such regulation.

21. *Cybersecurity Risk.* The Venture Funds, the Managing Member, the Fund and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. The computer systems, networks and devices used by the Venture Funds, the Managing Member, the Fund and their respective service providers to carry out routine business operations employ a variety of protections designed to mitigate damage or interruption from computer viruses, network failures, computer and telecommunication failure, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices are subject to a number of different threats or risks that could adversely affect the Fund, the Members, the Venture Funds and their respective portfolio companies, and thereby adversely affect the Fund's returns. The Venture Funds, the Managing Member, the Fund and its Members could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include: unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes, or website access or



functionality. Other incidents, such as user errors, power outages and catastrophic events such as fires, floods, hurricanes and earthquakes, may also result in cybersecurity breaches. Third parties may also attempt to fraudulently induce employees, investors, third-party service providers, or other users of the Managing Member's systems to disclose sensitive information to gain access to the Managing Member's data or that of the Fund and its Members. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to the Fund; impediments to trading; the inability of the Managing Member and other service providers to transact business; violations of applicable privacy and other laws (including the release of private investor information); regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting the Venture Funds' portfolio companies; counterparties with which the Fund engages in transactions; governmental and regulatory authorities; exchange and other financial market operators; and other persons with which the Fund, the Managing Member or one of their respective service providers does business. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

22. *Geopolitical Risks Related to the Russia-Ukraine Conflict.* The conflict between Russia and Ukraine has led to disruption, instability and volatility in global markets and industries that could negatively impact the Fund's ability to achieve its investment objectives. The U.S. government and other governments in jurisdictions in which the Venture Funds may invest in have imposed severe sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is currently unknown and they could adversely affect the Managing Member, the Members, the Fund, the Venture Funds and their portfolio companies.

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

For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), and the Cayman Islands has enacted the Cayman Islands Data Protection Law, 2017, each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

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

24. *Public Health Emergencies; Covid-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of a highly contagious form of coronavirus ("**COVID-19**"), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Fund, the Venture Funds and/or their portfolio companies.

The ongoing COVID-19 crisis and any other public health emergency (and any economic disruptions as a result thereof) could have a significant adverse impact and result in significant losses to the Fund. The extent of the impact on the Fund, the Venture Funds and/or their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Venture Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Venture Funds intend to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives. They may also impair the ability of the Venture Funds' portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences, including the potential for defaults by borrowers under debt instruments held by the Fund. In addition, the operations of the Fund, the Venture Funds, their portfolio companies and the Managing Member may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines (some for emergency use only) and these vaccines are currently available to the general public in the United States and in some non-U.S. jurisdictions, due to limited supply, they are not yet widely available to the general public in many other jurisdictions. Furthermore, a substantial proportion of the population in the United States and other jurisdictions has, despite the availability of vaccines, not been vaccinated, and a portion of vaccinated individuals may not be fully protected against the disease, both of which could prolong the effects of COVID-19 even following availability of vaccines to the general public globally.

The effects of any public health emergency may materially and adversely impact the value and performance of the Fund, and the ability of the Venture Funds to source, manage and divest investments and the Venture Funds' ability to achieve their investment objectives, all of which could result in significant losses to the Fund. In particular, a public health emergency may have a greater impact on leveraged assets.

In addition, the operations of the Fund, the Venture Funds and their portfolio companies may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers.

25. *Fund Expenses.* In addition to the Management Fee, the Fund will pay and bear all expenses related to its operations. Members will indirectly bear these expenses in accordance with the terms of the Operating Agreement. The amount of these expenses will be substantial and will reduce the actual returns realized by Non-Managing Members on their investment in the Fund (and will, absent sufficient recycling of capital, reduce the amount of capital available to be deployed by the Fund in investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be difficult to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time may exceed expectations. Expenses to be borne by the Managing Member in connection with the management of the Fund are limited to those items specifically enumerated in the Operating Agreement.

From time to time, the Managing Member will be required to decide whether costs and expenses are to be borne by the Fund, on the one hand, and other vehicles advised or managed by the Managing Member or any of its respective affiliates, on the other hand. The Managing Member will allocate such fees and expenses in a manner it believes in good faith to be fair and equitable, but in its sole discretion. The allocation may not be proportional, as certain of such vehicles have different expense reimbursement terms, including with respect to management fee offsets.

26. *Taxation.* Prospective investors are urged to consult their own tax advisors with respect to their own tax situations and the effects of this investment. Except as specifically provided in the Operating Agreement, the Managing Member will not be required to take into consideration the separate tax status, or circumstance of any Member or group of Members.

27. *Legal Counsel.* Documents relating to the Fund, including the Subscription Agreement to be completed by each investor as well as the Operating Agreement, will be detailed and often technical in nature. Legal counsel to the Fund will represent the interests solely of the Managing Member and the Fund, and will not represent the interests of any investor. Moreover, under the Operating Agreement, each investor will be required to waive any actual or potential conflicts of interest between such investor and legal counsel to the Fund. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Fund. Finally, in advising as to matters of law, legal counsel has relied, and will rely, upon representations of fact made by the Managing Member. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

28. *Special Caution for Investors in Second or Later Closings.* It is expected that, following the Fund's initial closing, the Fund will engage in a variety of investment and investment-related activities. In connection with such activities, the Fund and the Managing Member likely will obtain confidential information regarding Venture Funds. The Managing Member and the Fund generally will not disclose such information to prospective Fund investors in connection with their consideration of an investment in the Fund. As a more general matter, any person considering an investment in the Fund (including an existing Non-Managing Member that is considering an increase to its Capital Commitment) subsequent to the Fund's initial closing should assume that the Managing Member and the Fund will be in possession of information (such as information relating to actual or prospective Venture Funds and/or their portfolio companies, to actual or prospective Non-Managing Members, or to other matters arising subsequent to such initial closing) which information both: (x) would be material to such person's evaluation of an investment in the Fund; and (y) will not be disclosed to such person by the Managing Member or the Fund in connection with such evaluation. The Managing Member and the Fund explicitly disclaim any obligation to update these Certain Risk Factors to include (or otherwise inform prospective investors of) any such information. Under some circumstances, a person considering an investment in the Fund may be provided with copies of the Fund's financial statements for periods following the initial closing. Any such person is cautioned

that it will be inherently difficult to determine the value of private company securities held by the Fund and that, accordingly, it would be inappropriate to interpret any information set forth in such statements as a representation or warranty regarding the true fair market value of any such securities.

29. *Advisory Committee.* The Managing Member may appoint one or more Non-Managing Member representatives to the Advisory Committee, which has the ability to review and waive compliance with certain provisions of the Operating Agreement, including resolving potential conflict of interest situations, and whose approval is required or may be requested in certain circumstances under the Operating Agreement, including certain approvals or consents required by U.S. federal securities laws. Pursuant to the terms of the Operating Agreement, all Non-Managing Members are bound by the determinations of the Advisory Committee, regardless of whether a Non-Managing Partner is represented by a member of the Advisory Committee. The Operating Agreement provides that to the fullest extent permitted by applicable law, none of the Advisory Committee members shall owe any fiduciary duties to the Fund or any other Member. In addition, representatives of the Advisory Committee may have various business and other relationships with the Managing Member and its partners, employees, members, officers and affiliates. Any such relationships may influence their decisions as members of the Advisory Committee.

30. *Pay-To-Play Laws, Regulations and Policies.* A number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted a rule that, among other things, prohibits an investment adviser from providing advisory services for compensation to a government entity for two years after the adviser or certain of its executives or employees makes a contribution to certain elected officials or candidates. If the Managing Member or any of its employees or affiliates or any service provider acting on their behalf, fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Fund. Non-Managing Members may also seek to pursue individual remedies, including withdrawal rights, which may be included in side letters or otherwise imposed by statute.

An investment in each Direct Fund involves a high degree of risk, and is suitable only for Investors of substantial means who have no immediate need for liquidity of the amount invested, and who can afford a risk of loss of all or a substantial part of such investment. Prospective purchasers should carefully consider the following risk factors.

**Limited Operating History.** The Company is a newly formed entity and has no operating history. The Company’s investment program should be evaluated on the basis that there can be no assurance that the Managing Member’s assessment of the prospects of investments will prove accurate or that the Company will achieve its investment objective. Past performance of the principal of the Managing Member is not necessarily indicative of future results.

**Risk Inherent In Venture Capital Investments.** The types of investments that the Company anticipates making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Company will be adequately compensated for risks taken. A loss of a member’s entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Company’s term, while successes often require a long maturation.

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

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

**Investments in Unseasoned Companies.** The Company may invest its assets in privately held companies with limited histories of profit and stability. These companies may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or only on acceptable terms. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Although the Company may be represented by a representative of the Managing Member on a portfolio company's board of directors, each portfolio company will be managed on a day-to-day basis by its own management team (who generally will not be affiliated with the Company or the Managing Member). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

**Investment In Companies Dependent Upon New Scientific Developments And Technologies.** The Company may focus a significant portion of its investing in technology companies. The value of the Company's interests may be susceptible to factors affecting the technology industry and to greater risk than an investment in a limited liability company that invests in a broader range of securities. The specific risks faced by such companies include:

- Rapidly changing science and technologies;
- New competing products and improvements in existing products which may quickly render existing products or technologies obsolete;
- Exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals;
- Scarcity of management, technical, scientific, research and marketing personnel with appropriate training;
- The possibility of lawsuits related to intellectual property rights; and
- Rapidly changing investor sentiments and preferences with regard to technology sector investments (which are generally perceived as risky).

**No Assurance Of Returns.** There can be no assurance that the Members will receive distributions from the Company in an amount equal to their investment in the Company. The timing of profit realization, if any, is highly uncertain. The Managing Member expects the initial expenses of the Company to result in initial losses for the Company. The Company will pay a management fee and various other fees and expenses related to its ongoing operations regardless of whether or not the Company's investment activities are profitable. These fees and expenses will require that the Company's investment activities generate sufficient revenues in excess of these expenses in order to become profitable.

**Reliance on the Managing Member.** The Managing Member will have sole discretion over the investment of the funds committed to the Company as well as the ultimate realization of any profits. The Non-Managing Members will not receive detailed financial information issued by portfolio companies that will be available to the Company. Accordingly, the Non-Managing Members will not have the opportunity to evaluate relevant economic, financial and other information that will be utilized by the Managing Member in its selection of investments. As such, the pool of funds in the Company represents a blind pool of funds. Members of the Company will be relying on the Managing Member to identify, structure, and implement investments consistent with the Company's investment objectives and policies and to conduct the business of the Company as contemplated by this Memorandum. The Non-Managing Members will not make decisions with respect to the management, disposition or other realization of any investment made by the Company, or other decisions regarding the Company's business and affairs.

**Reliance on the Principal of the Managing Member.** The loss of the principal of the Managing Member could have a significant adverse impact on the business of the Company and its financial performance. No assurances can be given that the principal will continue to be affiliated with the Company throughout its term. Notwithstanding any prior experience that the principal may have in making investments of the type expected to be made by the Company, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the principal of the Managing Member will be able to duplicate prior levels of success.

**Difficulty in Valuing Portfolio Investments.** Generally, there will be no readily available market for a substantial number of the Company's investments and hence, most of the Company's investments will be difficult to value. Despite the Managing Member's efforts to acquire sufficient information to monitor certain of the Company's investments and make well-informed valuation and pricing determinations, the Managing Member may only be able to obtain limited information at certain times and, in some cases, may not be able to obtain information beyond the information that is publicly available. It is possible that the Managing Member may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its investments. The value of the Company's assets could be significantly negatively affected by any such event. Further, the Managing Member will have to make valuation determinations without the benefit of an adequate amount of relevant information. The Investor should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by the Managing Member may not represent the fair market value of the securities acquired by the Company.

**Competitive Marketplace.** The marketplace for venture capital investing has become increasingly competitive. Participation by financial intermediaries has increased, substantial amounts of

funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. Some of the Company's potential competitors may have more relevant experience, greater financial resources and more personnel than the Managing Member. There can be no assurances that the Managing Member will locate an adequate number of attractive investment opportunities. To the extent that the Company encounters competition for investments, returns to members of the Company may vary.

**Availability of Attractive Investment Candidates.** The ultimate success of the Company will hinge on its ability to locate attractive investment candidates. There can be no assurances that attractive candidates will be found in sufficient quantity to allow all of the capital commitments to be drawn within the investment period.

**Changing Economic Conditions.** The success of the Managing Member's investment strategy could be significantly impacted by changing external economic conditions in the United States and global economies. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems which the Company may depend upon to achieve its objectives may have a significant negative impact on the Company's operations and profitability. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for the Company to operate successfully. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.

**Minority Investments.** A significant portion of the Company's investments may represent minority stakes in privately held companies. In addition, during the process of exiting investments, the Company is likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Company may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded to majority or controlling stakes. The Company may also invest in companies for which the Company has no right to appoint a director or otherwise exert significant influence. In such cases, the Company will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Company is not affiliated and whose interests may conflict with the interests of the Company. Additionally, the Company may have limited ability to protect its position in such portfolio companies.

Although it is expected that appropriate rights generally will be sought to protect the Company's interests, to the extent possible, there can be no assurance that such minority shareholder rights will be available. The Managing Member expects to make investments in companies that have incurred or are permitted to incur indebtedness, or that may issue equity securities that rank senior to the Company's investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of the Company's investment. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, creditors or holders of securities ranking senior to the Company's investment in such portfolio company typically would be entitled to receive payment in full before distributions could be made in respect of the Company's investment. After repaying creditors and senior security holders, the company's remaining assets may not be sufficient for repayment of amounts owed in respect of the Company's investment. To the extent

that any assets remain, holders of claims that rank equally with the Company's investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets.

**No Assurance Of Additional Capital For Investments.** After the Company has financed a company, continued development and marketing of products may require that additional financing be provided. In particular, technology companies – a sector in which the Company expects to invest – generally have substantial capital needs that are typically funded over several stages of investment. No assurance can be made that such additional financing will be available, and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, the Company, either directly or through one of its portfolio companies, may elect to sell developed or undeveloped technology to existing companies. No assurance can be made that buyers for such technology can be located or that the terms of any such sales will be advantageous.

**Repayment of Certain Distributions.** In the event that the Company is unable otherwise to meet its obligations, the members may be required to repay to the Company or to pay to creditors of the Company distributions previously received by them.

**Indemnification.** The Company will be required to indemnify the Managing Member, the Management Company, and their respective affiliates, equityholders, members, directors, officers, employees and agents for liabilities incurred in connection with the affairs of the Company. Such liabilities may be material and have an adverse effect on the returns to the members. If the assets of the Company are insufficient, the Managing Member may require the return of distributions.

**Future and Past Performance.** The prior performance of the Managing Member's prior funds is not necessarily indicative of the Company's future results. While the Managing Member intends for the Company to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

**Bridge Financing.** The Company may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Company's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Company.

**Leverage.** To the extent that any investment is made in a portfolio company with a leveraged capital structure or any portfolio company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the Company in such company could be significantly reduced or even eliminated.

**Limitations On Ability To Exit Investments.** The Managing Member expects to exit from its investments in two principal ways: (i) private sales (including acquisitions of its portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these exits may not be open to the Company, or timing with respect to these exit mechanisms may be inopportune. As such,



the ability to exit from and liquidate portfolio holdings may be constrained at any particular time. If the Company fails to execute an exit strategy successfully prior to the liquidation of the Company, the Company may be forced to liquidate its assets on terms less favorable than anticipated and the proceeds from these investments and the remaining investment may be materially and adversely affected.

**Potential Liabilities.** In connection with its investments, the Company may negotiate the right to appoint a representative of the Managing Member as a member of the portfolio company's board of directors. Such membership on the board of directors of a company can result in the Company or the individual director being named as a defendant in litigation. The Company may also participate in portfolio company financings at valuations lower than the valuations in preceding rounds of financing. Disputes arising out of such down-round financings may result in the Company, the Managing Member, or its members being named as defendants. Typically, portfolio companies will have insurance to protect directors and officers, but this insurance may be inadequate. The Company will also indemnify the Managing Member and its principal, among others, for liabilities incurred in connection with operations of the Company, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.

**Investments Longer than Term.** The Company may make investments that may not be advantageously disposed of prior to the date that the Company will be dissolved, either by expiration of the Company's term or otherwise. After the expiration of the Company's term and during the Company's dissolution the Managing Member may decide to not sell or otherwise dispose of securities for an extended period of time in an effort to maximize the value of such the securities or other assets held by the Company. The Non-Managing Members acknowledge and agree that the Managing Member shall not be required to sell or distribute assets simply because the term of the Company has expired.

**Contingent Liabilities On Disposition Of Investments.** In connection with the disposition of an investment in a portfolio company, the Company may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. To the extent that any such representations are inaccurate, the Company may be required to indemnify the purchasers of such investment and may be liable to the purchasers for breach of contract. These arrangements may result in the incurrence of contingent liabilities for which the Managing Member may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires. The Members may also be required to return distributions previously made to them to satisfy the Company's obligations with respect to the foregoing.

**Reserves.** As is customary in the industry, the Managing Member may establish reserves for follow-on investments by the Company in portfolio companies, operating expenses (including the management fee), Company liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the Members. If reserves are inadequate, the Company may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with "pay-to-play" or similar provisions. If reserves are excessive, the Company may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

**Absence Of Liquidity And Public Markets.** The Company's investments will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Company and no readily available liquidity mechanism at any particular time for any of the investments held by the Company. In addition, the realization of value from any investments will not be possible or known with any certainty until the Managing Member elects, in its sole discretion, to sell the Company's investments and subsequently distribute the proceeds to its members or to distribute securities to members in lieu of cash.

**No Market; Illiquidity Of Interests.** An investment in the Company will be illiquid and involves a high degree of risk. There is no public market for the Interests, and it is not expected that a public market will develop. Consequently, Members will bear the economic risks of their investment for the term of the Company. Prospective members will be required to represent and agree that they are purchasing the Interests for their own account for investment only and not with a view to the resale or distribution thereof.

**Distributions in Kind.** The Managing Member may distribute the proceeds of certain of the Company's investments in kind. Any such distribution could put downward pressure on the price of the issuer's securities. In addition, a Member that receives assets other than cash from the Company may incur costs and delays in converting those assets into cash.

**Fund Expenses.** In addition to the Management Fee, the Company will pay and bear all expenses related to its operations that are not reimbursed by portfolio companies. Members will indirectly bear these expenses in accordance with the terms of the Operating Agreement. The amount of these expenses will be substantial and will reduce the actual returns realized by Non-Managing Members on their investment in the Company (and will, absent sufficient recycling of capital, reduce the amount of capital available to be deployed by the Company in investments). Company expenses include recurring and regular items, as well as extraordinary expenses for which it may be difficult to budget or forecast. As a result, the amount of Company expenses ultimately called or called at any one time may exceed expectations. Expenses to be borne by the Managing Member in connection with the management of the Company are limited to those items specifically enumerated in the Operating Agreement.

From time to time, the Managing Member will be required to decide whether costs and expenses are to be borne by the Company, on the one hand, and other vehicles advised or managed by the Managing Member or any of its respective affiliates, on the other hand. The Managing Member will allocate such fees and expenses in a manner it believes in good faith to be fair and equitable, but in its sole discretion. The allocation may not be proportional, as certain of such vehicles have different expense reimbursement terms, including with respect to management fee offsets.

Certain expenses are borne by the portfolio companies, or, if borne by the Managing Member, are reimbursed by the Company and/or portfolio companies, and in some cases the Managing Member may not necessarily seek out the lowest cost options when incurring (or causing the Company or its portfolio companies to incur) such expenses.

**Certain Limitations on Ability of Members to Transfer Their Interests in the Company.** The transferability of Interests will be restricted by the Operating Agreement and by United States federal and state securities laws. In general, Members will not be able to sell or transfer their Interests to third parties without the consent of the Managing Member.

**Digital Assets.** The Company may invest in cryptocurrencies, decentralized application tokens and protocol tokens, blockchain-based assets and other crypto-finance and digital assets, or instruments for the purchase of such (“**Digital Assets**”), which represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short or long-term holding of Digital Assets. Many Digital Assets will derive their speculative value from the perceived usefulness of the blockchain networks they are attached to as many are designed to be consumed in transactions that record data or provide access to certain functionality on these networks. The relative lack of acceptance of Digital Assets beyond their own blockchain network in the retail and commercial marketplace limits the ability of end-users to pay for other goods and services with Digital Assets. A lack of expansion by Digital Assets or use of their underlying blockchain networks into retail and commercial markets, or a contraction of such use, may result in increased volatility. Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors’ expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will grow. A Digital Asset is usually an asset attached to a blockchain network secured by cryptographic authentication. A blockchain network is a peer-to-peer network of computers that store and verify copies of a transactional database. This database, which is the blockchain at the heart of the system, is used to record the ownership and value of Digital Asset transactions and the conditions upon which this Digital Asset can be further transacted by others. Digital Asset transactions can be authorized by any user that cryptographically proves to the network that they have met the required conditions detailed in the transactional database. Once authorized and broadcast to peers in the network, these transactions are then recorded to the blockchain via the rules of the network’s validation process as dictated by the code run by network peers, the blockchain’s protocol. Thus, Digital Assets are created, issued, transmitted and stored according to protocols run by computers in a blockchain network. Some blockchain networks are further interdependent on other blockchain networks whose attached Digital Asset may have limited to no interoperability but where changes to the protocol may adversely affect some or all interdependent blockchain networks. It is possible these protocols have undiscovered flaws which could result in the loss of some or all assets held by the Company. There may also be network scale attacks against these protocols which result in the loss of some or all of assets held by the Company. Some assets held by the Company may be created, issued or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support the assets held by the Company. The developers and/or stakeholders of a blockchain network or open source software project may alter the network protocol in a manner adverse to Digital Asset holders or the Company. The Company makes no guarantees about the reliability of the cryptography used to create, issue, or transmit assets held by the Company. It may be illegal, now or in the future, to own, hold, sell or use Digital Assets in one or more countries, including the United States. Although currently some uses of Digital Assets, and the operation of the underlying blockchain networks, may not be regulated or may be lightly regulated in most countries, including the United States, one or more countries may take further regulatory action in the future to severely restrict the right to acquire, own, hold, sell or use

Digital Assets or to exchange Digital Assets for fiat currency. Such an action may restrict the Company's ability to hold or trade Digital Assets and may adversely affect an investment in the Company.

**Limited Portfolio Diversification.** As is typical of venture capital firms, the portfolio holdings of the Company will not be broadly diversified. In addition, if the Managing Member is unable to raise sufficient capital commitments to the Company, the diversification of the portfolio holdings of the Company will be further limited. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to members by the Company. To the extent the Company concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

**Legal And Regulatory Risks.** The Company is not and does not expect to be registered as an "investment company" under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"), pursuant to an exemption set forth in Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to the Company, if the Company will not be subject to registration as an investment company under the Investment Company Act. There is no assurance that such exemptions will continue to be available to the Company. Due to the burdens of compliance with the Investment Company Act, the performance of the Company's investment portfolio could be materially adversely affected, and risks involved in financing portfolio companies could substantially increase, if the Company becomes subject to registration under the Investment Company Act. Neither the Company nor its counsel can assure members that, under certain conditions, changed circumstances, or changes in the law, the Company may not become subject to the Investment Company Act or other burdensome regulation. In addition, the Company does not plan to register the offering of the Interests to the Members under the United States Securities Act of 1933, as amended (the "**Securities Act**"). As a result, Members will not be afforded the protections of such Acts with respect to their investment in the Company.

**AIFMD.** The Alternative Investment Fund Managers Directive ("**AIFMD**") came into force on 21 July 2011, and certain fund managers have been obliged to comply with (a) the European Economic Area ("**EEA**") Member States' respective AIFMD implementing laws; and (b) the United Kingdom's AIFMD implementing laws, since July 22, 2013. The AIFMD and the United Kingdom's AIFMD implementing laws regulate the activities of private fund managers undertaking fund management activities or marketing fund interests to investors domiciled or with a registered office in the EEA. If the Company is marketed to these investors: (a) the Company will be subject to certain reporting, disclosure and other compliance obligations, which may result in the Company incurring additional costs and expenses; and (b) certain activities of the Company will also be restricted including, in some circumstances, the Company's ability to facilitate, support or instruct any distribution, capital reduction, share redemption and/or acquisition of shares by an EEA or UK portfolio company within the first two years of ownership.

**CFIUS.** Recent legislation has expanded the scope of regulatory review by the Committee on Foreign Investment in the United States ("**CFIUS**") of certain investments by foreign persons into certain U.S. companies in which the Company may hold investments. Such legislation may make it more difficult for portfolio companies to raise capital from or be acquired by foreign persons, and may increase the burden and complexity of such transactions, all of which may impact the value, development, and/or

prospects of certain portfolio companies. CFIUS-imposed mitigation can take a variety of forms, including (i) restrictions on the foreign investor's access to the U.S. company's technology or facilities, (ii) restrictions on the foreign investor's role in the governance or decision making of the U.S. company, (iii) mandatory divestiture of a foreign member's capital contribution and termination of its participation in the Company, (iv) mandatory U.S. government approvals of changes to the U.S. company's suppliers or the locations of its source code repositories, and (v) the appointment of a U.S. government-approved monitor to verify the transaction parties' compliance with the mitigation. In addition, depending on the makeup of persons that may exercise influence over the Company, including members of the Managing Member and Non-Managing Members that own a significant interest in the Company, the Company could be considered a foreign person under such legislation. If the Company were deemed to be a foreign person, it is possible that this could result in the Company being excluded from certain investments, the Company not being able to obtain sufficient diligence materials, or the Company not being able to take a board seat in companies that are subject to CFIUS review. The President of the United States may block a foreign investment that threatens to impair U.S. national security or order a foreign investor to divest of its foreign investment. Foreign members' indirect investments in U.S. companies through the Company also could be subject to CFIUS review. Finally, subsequent proposed investments, acquisitions, or mergers or other transactions related to portfolio companies involving foreign persons also could be subject to CFIUS review.

**Compliance Costs.** Increasing legal compliance burdens imposed on the Company, the Managing Member, the managers of the Managing Member or the portfolio companies may result in increased time and effort on the part of these entities and/or affiliates thereof devoted to compliance and may distract them from their efforts in connection with the Company's investments. In addition, the Company, the Non-Managing Members and/or the portfolio companies may be required to expend resources on structuring and monitoring their relationships to comply with legal and regulatory requirements. Members will be responsible for their own legal compliance responsibilities in connection with their investment in the Company. Venture capital funds and their advisers are subject to changing and increasing regulatory compliance obligations under state and federal law, which may subject the Company and the Managing Member to increased compliance and administrative costs.

**Tax Risks.** Certain tax risks relating to an investment in the Company are discussed in Appendix A, "Certain Tax and Regulatory Matters," which prospective members should read carefully. No assurances can be given that current tax laws, rulings and regulations will not be changed during the life of the Company. Recent or future changes in U.S. federal income tax law could materially affect the tax consequences of a Non-Managing Member's investment in the Company, and the tax treatment of the Company's investments. While some of these changes could be beneficial, others could negatively affect the after-tax returns of the Company and the Non-Managing Members. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment in the Company, or of investments made by the Company, will not be modified by legislative, judicial, or administrative changes, possibly with retroactive effect, to the detriment of a prospective Member. Prospective Members should consult their tax advisors for further information about the tax consequences of purchasing an Interest in the Company.

**Tax Distribution; Phantom Income.** Due to possible differences between the allocation of gain or income for any tax purposes and distribution of cash relating to gain or income (including possible timing differences), there can be no assurance that members that are subject to tax on allocated gain or

income will receive distributions sufficient to satisfy their tax liabilities fully. Further, there can be no assurance that the Company will have sufficient cash flow to enable it to make distributions in the amount necessary for payment of all tax liability resulting from a member's ownership of an interest in the Company.

**Withholding and Other Taxes.** The Managing Member intends to structure the Company's investments in a manner that is intended to achieve the Company's investment objectives and, notwithstanding anything contained herein to the contrary, there can be no assurance that the structure of any investment will be tax efficient for any particular member or that any particular tax result will be achieved. In addition, tax reporting requirements may be imposed on members under the laws of the jurisdictions in which members are liable for taxation or in which the Company makes portfolio investments. Prospective members should consult their own professional advisors with respect to the tax consequences to them of an investment in the Company under the laws of the jurisdiction in which they are liable for taxation. Furthermore, the Company's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which the Company's portfolio companies are organized.

**Partnership Audit Rules.** Partnerships such as the Company are subject to audit and assessment of tax for underpayments of tax at the entity (i.e., Company) level. As a result, one or more prospective members (including, tax-exempt and non-U.S. investors) may be subject, indirectly, to a greater portion of a tax assessment than would be the result under prior law. In addition, depending on certain elections the Managing Member will be authorized to take under the Operating Agreement, prospective members may be subject to a higher interest charge on an assessment of tax than absent such elections. Prospective members should consult their tax advisors for further information regarding the new partnership audit rules.

**Audit.** The Internal Revenue Service could audit the Company's information and adjustments to the Company's tax returns could occur as a result. Any such adjustment could result in the Company paying additional tax, interest and penalties, as well as incremental accounting and legal expenses.

**Risk Of Dilution.** Non-Managing Members subscribing for interests at subsequent closings will participate in existing investments of the Company, diluting the interest of existing Members therein. Although such Members will contribute their pro rata share of prior capital contributions previously drawn down by the Company, there can be no assurance that such payment will reflect the fair value of the Company's existing investments at the time such additional Non-Managing Members subscribe for such interests.

**Lack of Control.** Subject to the implementation of the investment limitations described in the Operating Agreement, the Managing Member has complete discretion in managing the Company's portfolio. The investor will not make decisions with respect to the management, disposition or other realization of any investment made by the Company, or other decisions regarding the Company's business and affairs.

**Changes in Law, Regulations and Administrative Practices.** Changes in legal, tax and regulatory laws, regulations or administrative practices may occur during the term of the Company that may have an adverse effect on the Company, its investments, its access to investment opportunities, its Non-Managing Members and/or the Managing Member. For example, the Company expects to make

investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities and counties or agencies of other countries and jurisdictions in which the Company or the portfolio companies operate. New and existing regulations, changing regulatory requirements and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies that operate in these industries. The Managing Member cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can it predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulations, promulgated, including changes to existing laws and regulations, in countries where the Company invests will not adversely affect the Company, its portfolio investments or the Company's investment performance.

**Failure To Make Capital Contributions.** If a Member fails to pay when due installments of its capital commitment to the Company, and the contributions made by non-defaulting Members and borrowings by the Company are inadequate to cover the defaulted capital contribution, the Company may be unable to pay its obligations when due. As a result, the Company may be subjected to significant penalties that could materially and adversely affect the returns to the Members (including non-defaulting Members). If a Member defaults, it may be subject to various remedies as provided in the Operating Agreement.

**Foreign Securities.** The Company may invest in securities of foreign issuers. Investing in foreign securities involves considerations and possible risks not typically involved in investing in U.S. securities, including instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividends interest or gains) or confiscatory taxation may also affect investment in foreign securities. Higher expenses may result from investment in foreign securities than would result from investment in domestic securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than in the United States. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Such investments could be affected by other factors not present in the United States, including less stringent and less uniform accounting, auditing and financial reporting standards, different bankruptcy laws and practice, and potential difficulties in enforcing contractual obligations and obtaining and enforcing legal judgments against foreign entities.

**Geopolitical Risks Related To The Russia-Ukraine Conflict.** The conflict between Russia and Ukraine has led to disruption, instability and volatility in global markets and industries that could negatively impact the Company's ability to achieve its investment objectives. The U.S. government and other governments in jurisdictions in which the Company may invest in have imposed severe sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is currently unknown and they could adversely affect the Managing Member, the Company, the portfolio companies and/or the Non-Managing Members.

**Risk of Dilution.** Non-Managing Members subscribing for interests at subsequent closings will participate in existing investments of the Company, diluting the interest of existing members therein. Although such Non-Managing Members will contribute their pro rata share of prior capital contributions previously drawn down by the Company, there can be no assurance that such payment will reflect the fair value of the Company's existing investments at the time such additional Non-Managing Members subscribe for such interests.

**Currency Risks.** Contributions to the Company and distributions from the Company will be denominated in U.S. dollars. Investments may be denominated in U.S. dollars, Euros, Pounds Sterling or, if deemed advisable by the Managing Member, in other currencies. As a result, the profits or losses of the Company on any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Managing Member may try to hedge these risks by investing directly in foreign currencies, buying and selling forward foreign currency exchange contracts and buying and selling options on foreign currencies, but there can be no assurance such strategies will be undertaken, and will be effective if so undertaken.

**Cybersecurity Risk.** The Managing Member, the Company and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. The computer systems, networks and devices used by the Managing Member, the Company and their respective service providers to carry out routine business operations employ a variety of protections designed to mitigate damage or interruption from computer viruses, network failures, computer and telecommunication failure, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices are subject to a number of different threats or risks that could adversely affect the Company, the Members, the Company's portfolio companies, and thereby adversely affect the Company's returns. The Managing Member, the Company and its Members could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include: unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes, or website access or functionality. Other incidents, such as user errors, power outages and catastrophic events such as fires, floods, hurricanes and earthquakes, may also result in cybersecurity breaches. Third parties may also attempt to fraudulently induce employees, investors, third-party service providers, or other users of the Managing Member's systems to disclose sensitive information to gain access to the Managing Member's data or that of the Company and its Members. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to the Company; impediments to trading; the inability of the Managing Member and other service providers to transact business; violations of applicable privacy and other laws (including the release of private investor information); regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting the portfolio companies; counterparties with which the Company engages in transactions; governmental and regulatory authorities; exchange and other financial market operators; and other persons with which the Company, the Managing Member or one of their respective



service providers does business. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

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

For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), and the Cayman Islands has enacted the Cayman Islands Data Protection Law, 2017, each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Managing Member, the Company and/or the portfolio companies.

**Public Health Emergencies; COVID-19.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of a highly contagious form of coronavirus (“**COVID-19**”), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Company and/or its portfolio companies.

The ongoing COVID-19 crisis and any other public health emergency (and any economic disruptions as a result thereof) could have a significant adverse impact and result in significant losses to the Company. The extent of the impact on the Company’s and its portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Company to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are

adverse to the investment strategy the Company intends to pursue, all of which could adversely affect the Company's ability to fulfill its investment objectives. They may also impair the ability of the portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences, including the potential for defaults by borrowers under debt instruments held by the Company. In addition, the operations of the Company, its portfolio companies and the Managing Member may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines (some for emergency use only) and these vaccines are currently available to the general public in the United States and in some non-U.S. jurisdictions, due to limited supply, they are not yet widely available to the general public in many other jurisdictions. Furthermore, a substantial proportion of the population in the United States and other jurisdictions has, despite the availability of vaccines, not been vaccinated, and a portion of vaccinated individuals may not be fully protected against the disease, both of which could prolong the effects of COVID-19 even following availability of vaccines to the general public globally.

The effects of any public health emergency may materially and adversely impact the value and performance of the Company, and its ability to source, manage and divest investments and the Company's ability to achieve its investment objectives, all of which could result in significant losses to the Company. In particular, a public health emergency may have a greater impact on leveraged assets.

In addition, the operations of the Company and its portfolio companies may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers.

**OFAC And FCPA Considerations.** Economic sanction laws in the United States and other jurisdictions may prohibit the Company from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") administers and enforces laws, Executive Orders, and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities, and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers, and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with

individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may restrict the Company's investment activities.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. The Company and the Managing Member are committed to complying with the U.S. Foreign Corrupt Practices Act ("**FCPA**") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Company may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Company to act successfully on investment opportunities and for portfolio companies of the Company to obtain or retain business.

In recent years, the U.S. Department of Justice and the Securities and Exchange Commission (the "**SEC**") have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has recently significantly expanded the reach of its anti-bribery laws. The Company's portfolio companies may engage in activities that could result in FCPA violations. Any determination that the Company has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject the Company to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect Company's business prospects and/or financial position, as well as the Company's ability to achieve its investment objective and/or conduct its operations.

**Pay-To-Play Laws, Regulations and Policies.** A number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted a rule that, among other things, prohibits an investment adviser from providing advisory services for compensation to a government entity for two years after the adviser or certain of its executives or employees makes a contribution to certain elected officials or candidates. If the Managing Member or any of its employees or affiliates or any service provider acting on their behalf, fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Company. Non-Managing Members may also seek to pursue individual remedies, including withdrawal rights, which may be included in side letters or otherwise imposed by statute.

**Confidential Information.** The Operating Agreement will contain confidentiality provisions intended to protect proprietary and other information relating to the Company and the Company's portfolio companies. To the extent that such information is publicly disclosed, competitors of the Company and/or competitors of its portfolio companies, and others, may benefit from such information, thereby adversely affecting the Company, its portfolio companies, the Managing Member and the economic interests of Non-Managing Members.

*Investors and prospective Investors are provided with offering documents that contains a detailed description of the material risks related to an investment in the Funds, and are advised to carefully review all risk factors set forth in the relevant offering documents.*

**Item 8.C If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

See Items 8.A and 8.B above.

## **ITEM 9 – DISCIPLINARY INFORMATION**

HBAM is required to disclose all material facts regarding any legal or disciplinary events that would be material to an Investor's evaluation of HBAM or the integrity of HBAM's management. HBAM has no legal or disciplinary information to disclose at this time.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

**Item 10.A** If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Not applicable to HBAM.

**Item 10.B** If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Not applicable to HBAM.

**Item 10.C** Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships

HBAM does not have any related persons listed in Item 10.C of the ADV Part 2A. Notwithstanding the prior sentence, HBAM is of the view that the following should be noted:

1. As noted in Item 4.A above, HBAM typically serves as the Managing Member of each of the Funds. HBAM provides investment management and/or investment supervisory services. Each Fund retains HBAM to provide investment management and advisory services. HBAM retains management authority over the business and affairs of the Funds.

As described in Item 6, HBAM is entitled to receive performance-based fees from the Direct Funds, which may in certain circumstances create a conflict of interest, as described in Item 6 above.

2. Certain of HBAM's management persons may hold investments for their personal accounts in one or more Portfolio Companies and may in the future make investments in companies that are or may become Portfolio Companies of one or more Direct Fund. Each such investment will be subject to the pre-clearance and trading policies and procedures described in HBAM's Code of Ethics, as described in detail in Item 11 below.
3. Certain of HBAM's management persons engage in outside activities that may, in certain instances, be in conflict with activities of the Funds. This potential conflict of interest is mitigated by the fact that the Principal must obtain approval from the applicable advisory committees before engaging in such outside activities.
4. The Funds of Funds have invested in Portfolio Funds where an HBAM related person is a managing member of a general partner of the Portfolio Fund. In connection with such service, the related person may receive compensation. Such investments by the Funds of Funds results in investment management fees paid to the management of such Portfolio Funds which are charged to the Funds of Funds. Any potential conflict of interest is mitigated by the fact that each Fund of Fund may invest only in a fund that is managed by a venture capital firm on a pre-disclosed list of Portfolio Managers. Any investment outside such list requires approval by such Fund of Funds' advisory committee. To the extent that any related person has an actual or potential conflict with respect to a particular matter, that related person will not participate in any investment decisions related to such matter.

**Item 10.D If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

As noted above, the Funds of Funds pursue a fund of fund strategy, and each Portfolio Fund is managed by a third party investment adviser. HBAM does not receive compensation from such investment advisers outside of the returns related to the Fund of Funds' investments in the Portfolio Funds managed by such Portfolio Managers.

HBAM and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any management fees payable to the Funds nor will otherwise be shared with Funds, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to HBAM and/or such personnel (and not the Funds, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, investors and/or portfolio companies.

## ITEM 11—CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

**Item 11.A** If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.

HBAM's Code of Ethics (the "**Code**") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "**Advisers Act**"). The Code applies to HBAM's "Access Persons." Access Persons include any member, officer or director of HBAM and employee of HBAM who, in relation to the Funds: (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings; or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. In addition, certain other individuals, such as temporary employees or consultants are deemed to be Access Persons by the Chief Compliance Officer ("**CCO**") on a case by case basis.

The Code sets forth a standard of business conduct that takes into account HBAM's status as a fiduciary to the Funds and requires Access Persons to place the interests of Funds above their own interests and the interests of HBAM. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of HBAM's CCO. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide HBAM's CCO with a list of their personal accounts and an initial holdings report listing the holdings of such personal accounts within 10 days of becoming an Access Person. In addition, HBAM's Access Persons must provide annual holdings reports and quarterly transaction reports detailing, respectively, the holdings and quarterly transactions in their personal accounts in accordance with Advisers Act Rule 204A-1.

The Code also describes HBAM's duty to protect material non-public information about securities/investment recommendations provided to (or made on behalf of) advisory clients. Underlying these policies and procedures are two primary principles. First, confidential information must be maintained in confidence. Second, Access Persons who possess material non-public information about a public company must not trade in the public securities affected by such information, must not disclose such information to anyone who does not have a legitimate need to know it and must immediately disclose such information to the CCO.

Investors or prospective Investors may obtain a copy of the Code by contacting HBAM.

**Item 11.B** If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.



As explained in Item 10.C above, HBAM, serves as the managing member of the Funds. HBAM also commits capital to the Funds, and as a result every investment made by a Fund involves a purchase of securities whereby HBAM acquires an indirect interest in such securities. HBAM's Principal and Access Persons may also maintain investments directly in certain of the Funds. The fact that HBAM's Principal, and Access Persons have financial interests in the Funds could create a potential conflict in that it could cause HBAM to make different investment decisions than if such parties did not have such financial ownership interests. However, HBAM believes that these financial interests align HBAM's incentives with Investors.

HBAM seeks to address the above conflicts through regular monitoring of the Funds' portfolios for consistency with objectives, strategies, and target capacity. Further, the Principal carefully considers the risks involved in any investments and HBAM provides extensive disclosure to Investors regarding the potential risks that come with an investment with HBAM. As stated in Item 11.A. the Code provides guidelines for identifying and addressing conflicts of interest and requires Access Persons to place the interests of the Funds over their own or those of HBAM, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

In addition, each of the Funds of Funds has an advisory committee comprised of certain Investors in the respective Fund. The advisory committees advise and counsel HBAM on issues relating to conflicts of interest, and HBAM will consult with the advisory committee of the Fund of Funds in question if a conflict of interest described in this Item 11 arises with respect to such Fund of Funds.

**Item 11.C If you or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

HBAM's Access Persons are permitted to make certain securities transactions in their personal accounts. Certain of HBAM's Access Persons hold investments for their personal accounts in one or more Portfolio Companies and may in the future make investments in companies that are or may become Portfolio Companies of one or more Direct Fund. HBAM's Access Persons are prohibited from holding investments in Portfolio Funds in their personal accounts. However, it should be noted that certain of HBAM's Access Persons may invest in a non-Portfolio Fund managed by a Portfolio Manager.

Investments by Access Persons in a portfolio company could create a conflict of interest in that it could give HBAM an incentive to cause a Fund to invest its capital in a portfolio company in which it would not otherwise invest, or to dispose of its investment in a portfolio company at a time or for a price which it would not otherwise recommend for the Direct Fund absent such Access Person's ownership of such securities. To mitigate this conflict, the Code requires that Access Persons receive permission from the CCO prior to buying or selling any interests in limited offerings or private companies (which would include Portfolio Companies) outside of their indirect interests through the Managing Member or the Funds. As such, investments by Access Persons in Portfolio Companies will not be made without approval of the CCO.

HBAM does not intend for the Funds to participate in “principal transactions” or “cross trades”.

HBAM enforces the foregoing policy and manages the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code, which contains pre-clearance and reporting guidelines for Access Persons. HBAM requires that an Access Person’s transactions in certain “reportable securities” (as defined in Section 202(a)(18) of the Advisers Act) be pre-cleared with the CCO. Further details are available in the Code which is available to Investors upon request.

In addition, HBAM receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The CCO reviews Access Persons’ personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

**Item 11.D If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please refer to responses to Items 11.A, 11.B, and 11.C.

## ITEM 12 – BROKERAGE PRACTICES

**Item 12.A.1** Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

1. **Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

HBAM causes the Funds to invest in private transactions that are not executed on an exchange and thus HBAM generally does not utilize brokers. Notwithstanding the above, in the future HBAM may utilize brokers and investment banks in connection with the purchase and sale of Portfolio Companies. This is typically done on a limited basis to remove restrictions from the securities and to help liquidate the securities in the open market. Any such purchases or sales will be executed in accordance with best execution.

In the event that HBAM’s business were to evolve such that the Funds were to regularly execute transactions through a broker-dealer, then HBAM would adopt policies and procedures reflective of its duty to execute trades in publicly-traded securities in a manner designed to seek best price and execution. To the extent HBAM does utilize brokers in the future, HBAM need not solicit competitive bids and would not have an obligation to seek the lowest available commission or other transaction cost.

HBAM does not utilize “soft dollars.”

**Item 12.A.2 Brokerage for Fund Referrals.** If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. **Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients’* interest in receiving most favorable execution.**
- b. **Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.**

As a general matter, HBAM invests in private transactions that are not executed on an exchange and does not utilize brokers. Please see Item 12.A.1 above.

**Item 12.A.3 Directed Brokerage.**

- a. **If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of**

interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.

- b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

Not applicable to HBAM.

**Item 12.B Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.**

The Funds of Funds do not have overlapping investments. Upon determination to buy or sell the same security on behalf of more than one Direct Fund (based upon the investment mandates and available capital of such Direct Funds), HBAM will generally aggregate investments.

The private company and private securities which are the primary investments by the Direct Funds are generally purchased in private transactions, and thus a purchase or sale transaction by multiple Direct Funds will generally be consummated simultaneously. However, there could be circumstances in which the liquidity, fund terms or other considerations require the purchase or sale of the securities of a portfolio company at different times. In such cases, HBAM will seek to act in a fair and equitable manner with regard to all participating Direct Funds and to take into account the investment objectives and results of each Direct Fund. Notwithstanding the foregoing, the purchase or sale of securities by different Direct Funds at different times could result in increased transaction costs and different investment results for such Direct Funds and their Investors.

HBAM recognizes that, as a fiduciary, it has a duty to allocate investment opportunities among its advisory clients in a fair and equitable manner. Direct Funds may participate in the same investments. If HBAM determines that it would be appropriate for more than one Direct Fund to participate in an investment opportunity, HBAM will seek to allocate the investment opportunity to all of the participating Direct Funds on a fair and equitable basis.

## ITEM 13 – REVIEW OF ACCOUNTS

**Item 13.A** Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *Access Persons* who conduct the review.

Fund accounts are under periodic review by the Principal. Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, and investment objectives.

**Item 13.B** If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review

Not applicable to HBAM.

**Item 13.C** Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

Investors receive quarterly reports after the close of each of the first three calendar quarters, which include quarterly unaudited financial statements of the Fund, a summary of acquisitions and dispositions of the investments of the Funds and a list of investments then held. Annually, Investors will receive an annual financial report audited by a PCAOB- certified accounting firm, information regarding the relevant Fund necessary for the completion of each Investor's tax return and a list of investments then held by the relevant Fund.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

**Item 14.A** If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Not applicable to HBAM.

**Item 14.B** If you or a *related person* directly or indirectly compensates any *person* who is not your *Access Person* for *client* referrals, describe the arrangement and the compensation.

Not applicable to HBAM.

## ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Pursuant to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), HBAM is deemed to have custody of the assets held by the Fund because HBAM serves as the Managing Member of Funds.

To ensure compliance with the Custody Rule, HBAM will ensure that the Funds of Funds and Direct Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“**PCAOB**”) and that the audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to Investors within 180 days of the Funds of Funds’ fiscal year and 120 days of the Direct Funds’ fiscal year. Investors should carefully review the audited financial statements upon receipt, and should compare these statements to any account information provided by HBAM.

As HBAM’s investment program primarily involves investments in privately offered securities issued by venture capital stage operating companies or in private fund securities, HBAM generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” HBAM anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer’s outstanding securities.

To the extent that HBAM holds any publicly traded securities or securities which are otherwise ineligible for an exemption from qualified custodian requirement of the Custody Rule, HBAM will maintain such securities with a qualified custodian in an account in the name of the Fund or in accounts that contain only funds and securities owned by the Funds, under HBAM’s name as agent or trustee for the Funds.

## **ITEM 16 – INVESTMENT DISCRETION**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

HBAM has discretionary authority to manage securities accounts on behalf of the Funds. As explained in Item 4.C above, each Fund's investment strategy is set forth in detail the applicable Operating Agreement or PPM. Investors do not typically have the ability to impose limitations on HBAM's discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool.



## ITEM 17 – VOTING CLIENT SECURITIES

**Item 17.A If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.**

It should be noted that given HBAM's business is focused on investing in private companies and private funds, it is anticipated that it will be extremely rare that HBAM will receive proxies with respect to securities held on behalf of Funds.

However, HBAM has adopted proxy voting policies and procedures that are designed to ensure that if HBAM votes a proxy with respect to securities held on behalf of Funds, such proxies are voted in the Funds' best interests, in the judgment of HBAM to the extent reasonably practicable. The procedures also require that HBAM identify and address conflicts of interest. If a material conflict of interest is identified, HBAM will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of its Funds or whether taking some other action may be more appropriate.

If a proxy voting proposal is received by a Fund it will be thoroughly reviewed in order to ensure that each such vote is voted in the best interests of the Fund holding the applicable securities.

If a material conflict is identified, HBAM will determine what course of action is in the best interests of the affected Investors (which may include utilizing an independent third party to vote such proxies). Further, HBAM will determine whether it is appropriate to disclose the conflict to affected Investors and give such Investors the opportunity to vote the proxies in question themselves.

The CCO or her designee will deliver proxies in accordance with instructions related to such proxy. HBAM will keep a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and HBAM's response for the previous five years.

Investors generally do not have the ability to direct proxy votes. Investors may obtain additional information regarding how HBAM voted proxies and may obtain a copy of HBAM's proxy voting policies and procedures by contacting the CCO.

**Item 17.B If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.**

Not applicable to HBAM.

## ITEM 18 – FINANCIAL INFORMATION

**Item 18.A** If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.
2. Show parenthetically the market or fair value of securities included at cost.
3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

HBAM and its affiliates do not require or solicit prepayment of advisory fees six months in advance.

**Item 18.B** If you have *discretionary authority or custody of client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

HBAM is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Fund s or Investors.

**Item 18.C** If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

HBAM has not been the subject of any such bankruptcy petition.