



SQN Venture Partners, LLC

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Firm Brochure

March 31, 2023

NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY

This Brochure provides information about the qualifications and business practices of SQN Venture Partners, LLC. As used in this brochure, "SQNVP," "we," "our," and "us" refers to SQN Venture Partners, LLC.

Please contact us at 877-485-4840 and/or email us at IR@sqnvp.com with any questions about the contents of this Brochure.

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.

SQNVP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. However, registration of an investment adviser does not imply any level of skill or training or that the SEC has endorsed qualifications to provide investment advisory services.

Additional information about SQNVP also is available on the SEC's Web Site at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SQN Venture Partners is 301483.

Item 2 Summary of Material Changes

This Brochure serves as an annual amendment to the Brochure for SQVNP. Since the date of our last annual updating amendment on March 31, 2022, we have the following material changes to report:

- Item 4 Advisory Business - updated the list of funds managed by SQVNP and regulatory assets under management as of December 31, 2022.
- Item 5 Fees and Compensation - included language clarifying that SQVNP generally deducts fees from the Funds, as applicable, pursuant to such Fund's organizational and/or offering documents. In addition, included language discussing management fees and that a Fund's borrowings may be taken into account for purposes of calculating the management fee. Included language stating that a Fund's general partner may engage one or more individuals to serve as strategic advisors ("Strategic Advisors") to the Fund, the Fund's Investment Committee, SQVNP or the Fund's portfolio companies.
- Item 8 Methods of Analysis, Investment Strategies and Risk of Loss - added risk disclosures regarding use of leverage and borrowing, LIBOR and benchmark rates, financial institutions, inflation, use of subscription lines, and other private vehicles.

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Item 4 Advisory Business

SQNVP, a Delaware limited liability company, was formed in January 2015 to act as the investment manager of certain Regulation D exempt funds and other privately offered investment vehicles. SQNVP is currently the investment manager of SQN Venture Income Fund, LP, SQN Venture Income Fund II, LP, SQN Venture Income Fund III, LP, SQN Tempo Automation, LLC, and SQNVP SFMG RS LLC (collectively, the "Funds"). In July of 2021, the founding partners of SQNVP purchased the remaining equity interests from former principals of the firm through a redemption agreement, and SQNVP is no longer affiliated with any other firm.

The Funds have their own investment objectives set forth in the respective Fund's offering materials. SQNVP provides investment advisory services and management services to the Funds. Furthermore, the Funds are advised and managed by SQNVP in accordance with each Fund's investment objectives without consideration of the individual investment objectives of any particular investor admitted to the Funds. Any individual making an investment in Funds advised and managed by SQNVP should consult with an investment professional to determine suitability. SQNVP does not provide investment advisory services to individuals that participate in the Funds. Investors and prospective investors in each Fund should refer to the respective Fund's offering materials for information on the investment objectives and investment restrictions with respect to that Fund.

The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. SQNVP manages the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's offering and organizational documents.

As further detailed in the Funds' offering documents, the Funds generally, but not exclusively, make investments in debt securities and to a lesser extent leases (and related equity securities, such as warrants or success fees to venture-backed, privately held emerging companies in the information technology, bio-tech, energy technology, software, cyber security, agriculture technology and related industries that have previously received equity financing from venture capital firms and seasoned private investors. Investments may be made in companies that range from startup phase through the late / pre-IPO stage or potentially publicly traded.

ASSETS: As of December 31, 2022, SQNVP manages assets with discretionary authority in the amount of approximately \$149,092,928.

SQNVP provides a copy of its Form ADV Part 2 to every client and a copy will be provided to any prospective client upon request. SQNVP charges fees for its services and all fees are negotiable in SQNVP's sole discretion. Several factors contribute to the amount of the fee charged such as the size of the account and the type of assets managed.

SQNVP is owned by individuals. Ryan McCalley is the only individual that controls more than 75% of SQNVP. There is no other individual that owns more than a 25% ownership interest.

IMPORTANT ADDITIONAL CONSIDERATIONS: The information provided herein merely summarizes the detailed information provided in the Fund's offering and organizational documents. SQNVP may launch additional private funds in the future. Such funds may have the same, similar or a different structure, objectives or strategies as the Funds. This and other detailed information are provided in the appropriate Fund offering and organizational documents. The information provided above about the investment advisory services provided by SQNVP is qualified in its entirety by reference to the specific Fund's offering materials, subscription agreements and other governing documents.

Item 5 Fees and Compensation

Investors should refer to the applicable limited partnership agreement or other governing documents for additional information on fees and expenses related to investment in a Fund. It is also important to note that any new fund launched by SQNVP may have the same, similar or materially different terms than those summarized below. The applicable governing documents set forth the precise amount and calculation of the management fees and the full list of terms under which a management fee will be reduced, offset or otherwise be limited. Investors should expect to bear the full specified management fee in the relevant governing documents until reduced in the circumstances and on the date(s) specified therein.

SQNVP generally deducts fees from the Funds, as applicable, pursuant to such Fund's organizational and/or offering documents. Investors must understand the proposed method of compensation to SQNVP and its affiliates and the risks prior to investing in any Fund.

Management Fees: The Funds pay a management fee to SQNVP for investment advisory services provided to the Funds. Generally, management fees on an annual basis range from 1.5%-2.00% of the original principal amount of outstanding portfolio investments. Depending on the Fund, the management fee percentage may also be tiered based on the aggregate amount of capital contributed by a limited partner to the Fund. Such fees are generally calculated quarterly and payable in advance on a monthly basis. Management fees are more fully detailed in each Fund's offering documents. Except where the governing documents expressly provide to the contrary, the amount of management fees with respect to a Fund generally will not correspond with fluctuations in the Fund's net asset value. Therefore, management fees generally will not be reduced (in whole or in part) in the event of partial distributions or write downs of investments. Such governing documents may also provide that a Fund's borrowings may be taken into account for purposes of calculating the management fee. As permitted under the applicable governing document, SQNVP has in the past and may in the future reduce or waive the management fee with respect to an investor, in its sole discretion.

Distributions: Distributable cash from portfolio investments, if any, will be preliminarily apportioned to the general partner (an affiliate of SQNVP, through common ownership and control) and limited partners in proportion to their respective contributed capital. The amount apportioned to the general partner and affiliated limited partners will be distributed to them. Distributions will be allocated to limited partners (other than affiliated limited partners) in proportion to their contributed capital, and will be paid as follows: (i) 100% to the limited partner, until the amount distributed equals 100% of the partner's aggregate contributed capital plus a preferred return equal to 8% to 10% per annum on each such partner's contributed capital; thereafter, (ii) 100% to the general partner until the general partner has received an amount equal to 20% of the total preferred return paid to the limited partner; thereafter, (iii) 80% to the limited partner and 20% to the general partner (together with the amounts distributed under (ii), the "Carried Interest." Distributions from portfolio investments are more fully detailed in each Fund's partnership agreement.

Special Distributions: Net proceeds from equity investments and warrants (subject to the terms of each Fund's partnership agreement, this may also include options, success fees, prepayment penalties, and other instruments and arrangements that are intended to provide additional compensation or value tied to the success of a portfolio company or other investment) will be distributed 80% to the limited partner (other than affiliated limited partners) and 20% to the general partner and the affiliated limited partners as special cash distributions and amounts distributed to the limited partners will be applied toward the preferred return until all limited partners have received their preferred return. Thereafter, any amount in excess will be distributed in accordance with the "Distributions" section above. Special distributions are more fully detailed in each Fund's partnership agreement.

Clawbacks: Each Fund's general partner will be subject to a look-back contribution obligation in the event of excess distributions to the general partner pursuant to the terms of the applicable Fund's partnership agreement.

Origination or Structuring Fees: In connection with each portfolio investment transaction, the applicable Fund will pay a fee to the general partner in an amount equal to 1.5% of the capital invested in such transaction, whether in the form of a loan, lease, equity investment or otherwise.

Organizational and Offering Expenses: The Funds will reimburse the general partner in an amount ranging from 2.0% to 3.0% of either the maximum offering amount or aggregate committed capital (see relevant fund offering documents for further information) for the organizational, startup expenses and offering expenses of the Funds and related entities, including legal, travel (which may include business or first-class airfare), accounting, filing, printing, capital raising and other expenses. The General Partner will bear the cost (through an offset against the management fee or otherwise) of all organizational expenses in excess of the percentage threshold, as noted in each Fund's partnership agreement. The Funds will engage an affiliate of SQNVP and the general partner or one or more third parties to offer interests in the Funds to potential investors. All such fees paid to such affiliate or third parties will be paid out of the organizational and offering expenses described above.

Other Expenses and Fees: In addition to the management fee, the origination or structuring fee, and the organization and offering expenses, the Funds will pay, or reimburse the general partner, as applicable, for expenses incurred in connection with the: (i) acquisition, management, or disposition of investments (whether or not consummated); (ii) carrying of investments, including custodial, consulting, financing, trustee, recordkeeping and other administration fees and expenses; (iii) Funds' reports, tax returns, K-1's (or similar schedules) and any communications with the partners, including the cost of a contact relationship/portfolio management system; (iv) attorneys, accountants, fund administrators and other professionals relating to Fund matters, including allocable compensation for in-house attorneys based upon time spent and fees comparable to those payable to outside counsel with similar experience; (v) taxes and other governmental charges, fees and/or duties that may be incurred or payable by the Funds; (vi) insurance premiums or expenses incurred by the Funds in connection with the activities of the Funds, including errors, omissions, fidelity, crime, general partner liability, directors' and officers' liability and similar coverage for any person acting on behalf of the Funds (as the general partner deems reasonably necessary and financially feasible); (vii) legal fees and expenses incurred to comply with any law, rule or regulation related to the activities of the Fund or incurred in connection with any litigation, arbitration or governmental inquiry, investigation or proceeding involving the Funds, including the amount of any judgments, settlements, arbitration awards or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for; (viii) dissolution, winding up or termination of the Fund; (ix) formation of special purpose vehicles, joint ventures or similar entities formed for the purpose of making an investment; (x) amendments, modifications, revisions or restatements to this Agreement and the other constituent documents of the Fund; (xi) valuation of the assets of the Funds; (xii) distributions to the partners or any meeting of the partners.

Strategic Advisors: A Fund's general partner may engage one or more individuals to serve as strategic advisors ("Strategic Advisors") to the Fund, the Fund's Investment Committee, SQNVP or the Fund's portfolio companies. The Strategic Advisors may be compensated for their services by the Management Company or the Fund's portfolio companies and such compensation will not be offset against the Management Fee.

Side Letters: Each Fund's general partner may enter into side letter agreements with partners to waive or modify the application of any terms or other provision of the limited partnership agreement with respect to such partners or to create new terms in addition to those described herein without obtaining the consent of any other partner. Not in limitation of the foregoing, certain preferential economic terms may be offered to anchor investors meeting minimum investment thresholds and other criteria established by the general partner that invest, or commit to invest, before a specified period, as noted in each Fund's partnership agreement. Preferential terms may be offered at general partner's discretion from time to time to certain institutional investors following such specified period. As a result of certain side letters, investors holding the same Fund interests could have different returns and will receive different information, depending on any arrangements applicable to a given investor's interest. In addition, an Adviser enters into a side letter entitling an investor to be excused or excluded from a particular investment, (i) any election to be excused or excluded by such investor will increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, future investments, and reduce the overall size of a Fund and/or (ii) a Fund's ability to consummate certain investments may be inhibited. Any co-investment rights granted to a limited partner in a side letter or other similar agreement may result in fewer co-investment opportunities (or reduced or no allocations) being made available to other investors.

Item 6 Performance-Based Fees and Side-By-Side Management

As discussed in additional detail in Item 5, each Fund's general partner, affiliates of SQNVP through common ownership and control, is entitled to receive performance-based fees or Carried Interest from the Fund in accordance with the terms and conditions of each Fund's limited partnership agreement.

Investors in the Funds, and prospective investors in any new Fund launched by SQNVP, should note that performance-based fees, in some contexts, could create an incentive for an adviser such as SQNVP to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

We do not offer advisory services to investors who do not pay performance-based compensation, and therefore, we do not have an incentive to favor performance-based compensation accounts over nonperformance-based compensation accounts.

As a matter of policy and practice, we endeavor at all times to put the interest of the Funds first. We have adopted allocation policies as part of our overall compliance program designed to treat all Funds fairly and equitably in accordance with the applicable governing documents.

Item 7 Types of Clients

SQNVP provides investment advisory and management services to venture debt alternative investment funds with an emphasis on direct participation programs. Each Fund managed by SQNVP has a stated minimum investment amount, although SQNVP, or the general partner of the respective Fund, reserves the right to waive (and has in the past waived) the minimum investment amount based on certain criteria.

Because interests in the Funds and any new fund launched by SQNVP were and will be offered pursuant to certain exemptions from registration under the Securities Act of 1933 (the "Securities Act") and the Investment Company Act of 1940 (the "Investment Company Act"), any investor or prospective investor in a Fund managed by SQNVP must meet certain minimum qualifications requirements as set forth in the applicable Fund's subscription documents. Prospective investors in any new Fund launched by SQNVP should refer to the appropriate Fund offering documents for information regarding that Fund's required qualifications for investment.

Generally, Fund interests are offered and sold to investors that are (i) "accredited investors" as defined under Regulation D of the Securities Act, (ii) "qualified clients" as defined under the Investment Advisers Act of 1940 or other "knowledgeable employees" of SQNVP, and (iii) in the case of certain Funds, "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act.

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

Methods of Analysis

Originating an investment involves, among other things: identifying a borrower, lessee or other end-user; inspecting the equipment or other assets; undertaking a business, credit, state and federal regulatory review and industry review; projecting the secondary market value of the equipment or other collateral asset; pricing the investment; and documenting the transaction. We must have sufficient financial information on the borrower, lessee, end-user, guarantor or any other participant or counterparty to enable us to make an informed decision regarding their ability to perform their contractual obligations. We typically analyze the following information:

- audited financial statements for the last two years, if available;
- unaudited financial statements for the latest completed quarter;
- budget or forecast for the latest fiscal year;
- confirmation that current customers are current with their payments or proposals clearly demonstrating how arrearages will be made current;
- strength of the management team and the investor syndicate of the company;
- details of current levels of exposure within existing transactions aggregated with the new proposal; and
- details of existing credit facilities, the remaining availability and any financial covenants affecting the counterparty, lessee, end-user, guarantor, or other parties.

Additional information may be analyzed, when relevant, to assist in our assessment of the potential creditworthiness of a borrower, lessee or other counterparty including:

- its organizational structure;
- its management structure and an overview of the experience of the key members of the management team;
- its current business plan;
- its marketing plan and any intelligence on its market share, market penetration and major competitors;
- an analysis of its strengths, weaknesses, opportunities, and threats;
- an overview of its customer base; and
- details of any recent press or internet coverage.

Investment Strategies

SQNVP's goal is to build a portfolio of investments comprised of a mix of loans and to a lesser extent leases to provide steady cash flow that can support a regular cash dividend, allow for portfolio compounding, and also generate attractive total returns. Further upside may be provided from warrant realizations.

The following strategies are employed to achieve the goal:

- Assets with a strong investor base, enterprise value, and intellectual property portfolio;

- Invest in business-essential, revenue-producing assets which, historically, have had high in-place value and relatively long economic life;
- Target assets with multiple and varied industry applications and with active secondary markets;
- Take ownership of, or security interest in, the underlying asset(s) providing collateralization and, in some cases, corresponding tax benefits;
- Investments focused on physical assets which, at times, creates opportunities to generate above market yields over unsecured debt of the same credit quality; and
- Do not rely on trends or market moves for success or returns.

Many of our recommended investments will be structured as loans or full payout or, to a lesser extent, operating equipment leases. In addition, we may advise investing by way of, participation agreements and residual sharing agreements where clients would acquire an interest in a pool of equipment or other assets, or rights to that equipment or other assets, at a future date. We also may recommend investments as project financings that are secured by, among other things, essential use equipment and/or assets. Finally, we may suggest investment structures that we believe will provide you the appropriate level of security, collateralization, and flexibility to seek to optimize your return on investment while protecting against downside risk. In most cases, the structure will include you holding title to or a priority position in the asset or equipment. We attempt to maintain a pipeline of potential investments sourced directly by us or the Funds or other investment vehicles

We concentrate on transaction sizes below \$20 million with a maximum investment dependent on the size of the offering and the program's investment objectives. By doing so, we operate in areas with limited competition so that we may be selective in our investments. We focus on investments in the emerging technology companies and asset types where our members and officers have extensive expertise and have a deep and well-developed sales and remarketing network. Investments in the venture debt industry generally are focused on early stage and mature companies looking for a non-dilutive source of financing to ramp up further growth. We also may identify other assets or industries that meet our investment objectives.

We target investments in the United States, and potentially review investments in various countries when special opportunities may present themselves. The majority of targeted investments are in the United States.

Risk of Loss

All investments involve a degree of risk including, without limitation, loss of investment and illiquidity that clients should be prepared to bear. Clients should consider the following risk factors before entering into an agreement and authorizing discretionary authority. While the discussion below refers to both a "Fund" or the "Funds," it enumerates certain risk factors that apply generally to an investment in any Fund. However, the following discussion does not describe all of the risks that may potentially be faced by an investment in any Fund. Prior to making any investment in any Fund, investors should review the applicable Fund's offering documents and other governing documents for additional information regarding risks and conflicts of interest specific to the Fund.

Nature of the Fund's Portfolio and Portfolio Companies: The Fund's investment portfolio will consist primarily of debt and related securities issued by privately held venture-backed companies, many of which are expected to be at a relatively early stage of development without significant current cash flow. Operating results of such companies in a specified period are difficult to predict and depend on many factors outside the control of the General Partner. Such investments necessarily involve a high degree of business and financial risk (including the risk of failure or substantial declines in value of such companies at any stage) that can result in substantial losses for the Fund.

Dependence on Future Equity Financing: The ability of the Fund's portfolio companies to pay current interest and principal on the Fund's investments is expected to depend to a significant degree on their ability to raise future financing. The market for such financing can be volatile and there are no assurances that such companies will be able to successfully raise future financing on a timely basis or at all. Also, if existing venture capital investors decrease or discontinue funding to the Fund's portfolio companies, those portfolio companies may not be able to meet their obligations. Any delay or inability to raise future equity financing at a portfolio company could materially and adversely affect the value of the Fund's investments in such company and lower the investment returns to investors.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes: There has been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry and various new regulations have been (or are in the process of being) enacted and/or implemented. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund's activities, including the ability of the Fund to execute its investment strategy or achieve its investment objectives.

Dependence on relationships with venture capital firms and similar investors: SQNVP expects a significant portion of the Funds' deal flow to come from relationships of the firm with venture capital firms, angel investors and similar equity investors. If SQNVP fails to maintain these existing relationships or such relationships deteriorate, including as a result of enforcing the Fund's rights with respect to non-performing portfolio companies, the Fund's deal flow may be adversely affected. In addition, persons with whom the firm has relationships are not contractually obligated to provide the Fund with investment opportunities and, therefore, there is no assurance that such relationships will lead to the origination of debt or other investments. If SQNVP fails to develop new relationships with other firms or sources of investment opportunities, then the Funds may be adversely affected by a slower level of activities at firms with which SQNVP has relationships.

Illiquidity of the Fund's Investments: Most of the investments to be made by a Fund will be relatively illiquid. As a result, there can be no assurance that investments can be liquidated in a timely fashion or at all. Generally, there will be no readily available market for Funds' investments, and hence, most of the Funds' investments will be difficult to value. Disposition of investments may require a protracted period of time during which market forces may have an adverse impact on the value of the Funds' investments. Certain investments may be distributed in kind.

Dilution: Limited Partners admitted to the Fund at subsequent closings will generally participate in then-existing investments of the Fund (including equity investments such as warrants, options and other instruments and arrangements that are intended to provide additional compensation or value tied to the success of a portfolio company or other investment), thereby potentially diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will contribute capital to the Fund, there can be no assurance that such contributions will reflect the value realized by the Fund on its investments and therefore such contribution may be dilutive as to some of the Fund's investments.

Projections: Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management. In all cases, projections are only estimates of future results that are based upon information received from such company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic conditions and factors, which are not predictable, can have a material effect on the reliability of projections and the results of a Fund's investments.

Conflicts of Interest: Since SQNVP manages more than one fund, there may be conflicts associated with allocating investment opportunities.

SQNVP employees may serve on boards of directors, creditor committees or in other management capacities at companies in which the Funds invests. This may expose the firm and its Funds to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest.

Prospective investors should be aware that there will be occasions when the general partner and its affiliates may encounter potential conflicts of interest in connection with the Fund's activities. If any matter arises that the general partner determines in its good faith judgment constitutes an actual or potential conflict of interest, the general partner may take such actions as may be necessary or appropriate to ameliorate such conflict. Although the general partner is not obligated to pursue any such actions, these actions may (but are not required to) include, by way of example and without limitation, (i) refraining from investing in or disposing of the investment giving rise to the conflict of interest, (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest.

Lack of Diversification: Although each Fund expects that its investments will be diversified among different types of industries and assets, there is no guarantee that such Fund will be able to sufficiently diversify its investments. Poor performance by a few of the investments or the downturn in a relevant industry sector could severely affect the total returns to Fund. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified than originally envisioned.

Secured Loans; Collateral: In order to mitigate credit risks, the Funds may take a security interest in the available assets of the portfolio companies. There is a risk that the collateral securing a Fund's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions including as a result of the inability of a portfolio company to raise additional capital.

In some circumstances, a Fund's lien could become subordinated to claims of other creditors. Additionally, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. In certain cases, we may not have a first lien position on the collateral. Consequently, the fact that a loan is secured does not guarantee that a Fund will receive principal and interest payments according to the loan's terms, or that the Fund will be able to collect on the loan in a foreclosure.

In addition, because we invest in technology-related companies, a substantial portion of the assets securing our investment may be in the form of intellectual property, if any, inventory and equipment and, to a lesser extent, cash and accounts receivable. Intellectual property, if any, securing a Fund's loan could lose value if, among other things, the company's rights to the intellectual property are challenged or if the company's license to the intellectual property is revoked or expires. Inventory may not be adequate to secure a Fund's loan if such Fund's valuation of the inventory at the time of the loan was not accurate or if there is a reduction in the demand for such inventory. Similarly, any equipment securing a Fund's loan may not provide us with the anticipated security if there are material changes in technology or advances in new equipment that render such equipment obsolete or of limited value, or if the company fails to adequately maintain or repair the equipment. Any one or more of the preceding factors could materially impair such Fund's ability to recover principal in a foreclosure.

Junior Loans: From time to time in rare, risk-adjusted circumstances, a Fund may make second position loans, which are subject to the risk that other lenders may be directly secured by the assets of the portfolio company, or loans that are subordinate to other debt of the portfolio company. In other

cases, other borrowers may have senior secured debt, such as revolving loans and/or term loans that have priority to such Fund's lien. In the event of a default, such other lenders would have priority over the Fund with respect to the proceeds of a sale of the underlying assets. If a portfolio company defaults on the Fund's loan or on debt senior to the Fund's loan, or in the event of a portfolio company bankruptcy, the Fund's loan will be satisfied only after the senior debt receives payment. In addition, inter-creditor arrangements may limit a Fund's ability to amend loan documents, assign loans, accept prepayments, exercise remedies (through "standstill" periods) and control decisions made in bankruptcy proceedings relating to the portfolio company. Any of the foregoing could adversely affect a Fund's investments.

Use of Leverage; Risk of Borrowing by the Funds. SQNVP expects to cause the Funds to incur permanent, Fund-level leverage, potentially including through bridge, subscription, asset-backed facilities, financing transactions from prime brokers or custodians, short-sales and/or related to the Fund's hedging activities, in each case subject to the limitations contained in the governing documents. Borrowings by a Fund will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. Such debt exposes the Fund to refinancing, recourse and other risks. As a general matter, the presence of leverage can accelerate losses. Because a Fund or its subsidiaries may engage in portfolio financings where investments are cross-collateralized or cross-defaulted, multiple investments may be subject to the risk of loss. As a result, the Fund could lose its interests in performing investments in the event such investments are cross-collateralized or cross-defaulted with poorly performing or nonperforming investments. Any bankruptcy, insolvency or default by a counterparty to the Fund could result in a loss of the Fund's investments, including, for example, where Fund assets and securities are re-hypothecated or otherwise held by such counterparties and become subject to general claims of their creditors.

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

Investing in Equipment Leases: To a lesser extent the Funds intend to invest a portion of their capital in equipment leases to venture-backed companies. This asset class has a number of significant risks as discussed in this section. The Funds may elect to invest in such leases through special purpose vehicles ("SPVs") for one or more investments as a method of attempting to insulate the Funds and the other investments from liability and to limit the amount of capital at risk to the amount put into that specific investment. There can be no assurance, however, that such methods will be successful in limiting such liabilities.

Fund participants are not required to make additional capital contributions. A fund participant's liability is limited to its capital contribution. Fund participants should be prepared to lose some or all of their capital contribution.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one or more of the Fund's or portfolio investment's banks, brokers, hedging counterparties, lenders to or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by various factors, including eroding market sentiment, significant withdrawals (e.g., a bank run in which depositors collectively withdraw their balances within a short period of time), fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, SQNVP, the Funds and/or their portfolio investments may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance (including Fund assets maintained with qualified custodians pursuant to Rule 206(4)-2 under the Advisers Act) are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of SQNVP to manage the Funds and their portfolio investments, and on the ability of SQNVP, any Fund and/or portfolio investments to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Although SQNVP seeks to do business with Financial Institutions believed to be creditworthy and capable of fulfilling their respective obligations to the Funds, SQNVP is under no obligation to use a minimum number of Financial Institutions with respect to any Fund or to maintain account balances at or below the relevant insured amounts. Furthermore, such balances maintained by SQNVP and the Funds are generally expected to fluctuate, including with respect to the Funds in connection with capital calls to limited partners and dispositions of investments, and certain balances from time to time will substantially exceed applicable deposit insurance.

Inflation. Inflation in the United States recently has been measured at significantly higher rates than have been seen in many years. Certain countries have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Funds, or their investments, may invest or conduct business. There can be no assurance that high rates of inflation will not have a material adverse effect on the financial condition and results of operations of the Funds, either directly or indirectly.

Use of Subscription Lines. The Funds may in the future fund investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments, as applicable, with respect to any Fund. The interest expense and other costs of any such borrowings, as applicable, will be borne by the relevant Fund and, accordingly, may decrease net returns of the Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, if any, which will begin accruing on the latter of (i) the due date for such capital contributions to fund such investments, or repay borrowings used to fund such investments, or (ii) the date such capital contributions are actually made to the relevant Fund. In light of the foregoing, SQNVP has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund.

Other Private Vehicles. SQNVP's principals, employees or Strategic Advisors invest in other private investment vehicles (including single investor-co-investments) managed by other advisers. In some cases, SQNVP, its affiliates or the Funds may make investments in companies that are owned by such other investment vehicles, which may indirectly benefit any such principals, employees or Strategic Advisors.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SQNVP or impact the integrity of its management. SQNVP has no information applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

The general partner for each Fund is related to SQNVP through common ownership and control. The general partner shares the same executive officers with SQNVP.

SQNVP employees may serve on boards of directors, creditor committees or in other management capacities at companies in which the Funds invests. This may expose the firm and its Funds to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest.

As a result of such service, an employee may become aware of material non-public information about the portfolio company in which the Fund invests, which could substantially restrict the Fund's ability to trade the securities of such portfolio company. Such limitations may cause the Fund to forgo sales or purchases that it would otherwise make, thereby exposing the Fund to losses and lost opportunities.

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

A copy of SQNVP's Code of Ethics will be provided to any client or prospective client upon request.

SQNVP's Code of Ethics sets forth standards of conduct expected from advisory personnel, addresses conflicts that arise from personal trading by advisory personnel and requires compliance with Federal securities laws. The Code of Ethics addresses conflicts of interest, personal trading, gifts and the prohibition of using non-public material information for personal gain.

SQNVP and its related persons do not buy or sell securities for its clients' accounts. SQNVP recommends that its clients invest in secured loans and to a lesser extent leases. The Code of Ethics prohibits SQNVP's related persons from investing in securities that are placed on a restricted list, including securities that may present the appearance of a conflict of interest or an actual conflict of interest.

Advisory personnel are required to report all personal securities transactions and receive approval prior to purchasing a security on SQNVP's restricted list.

Item 12 Brokerage Practices

SQNVP is responsible for all parts of the investment cycle including deal sourcing and origination, investment decision-making, deal negotiation, transaction structuring and portfolio management (the act of overseeing the investments that we have made). SQNVP will typically make direct investments on behalf of the Fund in privately held companies. Rarely will the Fund acquire securities of publicly traded companies except when exercising warrants, options or convertible securities which give the firm the option of participating in a privately held portfolio company's initial (and/or secondary) public offering (including but not limited to, from direct listings and SPACs), or by merger/acquisition of a portfolio company by a public company which includes such public company's stock as merger proceeds.

As disclosed at Item 4, the Funds generally, but not exclusively, make investments in debt securities and to a lesser extent leases and related equity securities, warrants or success fees to venture-backed, privately held emerging companies in the information technology, biotech, energy technology, software, cyber security, agriculture technology and related industries that have previously received equity financing from venture capital firms and seasoned private investors. Investments may be made in companies that range from startup phase through the late / pre-IPO stage and to a lesser extent, smaller publicly traded companies. Transactions are generally entered into with portfolio companies that are privately held, and each deal is directly negotiated by SQNVP or its affiliates; broker dealers are not typically sought out, engaged or otherwise involved in these transactions.

Because investments made on behalf of the Funds include debt securities and to a lesser extent leases (and related equity securities, warrants or success fees), the Funds may seek to exercise the rights afforded through these instruments to participate in a portfolio company's initial (and/or secondary) public offering. Under these circumstances, a Fund will hold publicly traded securities which it will eventually seek to sell at a profit. When exiting these positions, SQNVP will typically engage a broker dealer to assist in the sale. SQNVP has been granted the authority to determine the broker dealer through which to place any such trade by the General Partners. Under these circumstances, we endeavor to select those brokers or dealers which will provide the best services at the lowest prices and commission rates possible under the circumstances. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services that will help us in providing investment management services to clients.

Due to the nature of private debt investing, SQNVP will not typically aggregate transactions among more than one Fund. However, if it is ever appropriate for two or more Funds to dispose of the same securities, SQNVP will generally aggregate such transactions on a pro rata basis with each Fund receiving the average price.

As a matter of policy and practice, SQNVP does not have any formal or informal soft dollar arrangements, nor do we receive any soft dollar benefits from any broker, dealer or other counterparty.

Item 13 Review of Accounts

SQNVP monitors the portfolio companies of the Funds on an ongoing basis. The investment team will approve all portfolio investments and dispositions and will be actively involved in analyzing each investment and reviewing those investments, including portfolio company financial status and loan payments, on an on-going basis.

Each Fund's investors will receive, as soon as practicable after the end of each taxable year (or as otherwise required by law), written annual reports containing financial statements audited by the Fund's independent auditors as well as such tax information as is necessary for each investor to complete federal and state income tax or information returns, along with any other tax information required by law. In addition to the information provided to all investors, SQNVP may provide certain investors with additional information or more frequent reports that other investors may not receive.

Item 14 Client Referrals and Other Compensation

SQNVP neither pays for referrals nor receives any other compensation for making referrals.

Item 15 Custody

Since we act as investment adviser to the Funds and are affiliated with each Fund's general partner through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody on this basis, we will seek to have the Funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). We will send the audited financials resulting from such audits to each Fund investor within 120 days of the applicable Fund's fiscal year end by loading it to the investor portal with an email notification or hard copy by request. Investors should carefully review those statements.

Item 16 Investment Discretion

SQNVP manages accounts on a discretionary basis. SQNVP assumes this discretionary authority pursuant to the terms of the respective Fund's governing documents. Other than the parameters set forth in each of the Fund's governing documents, SQNVP has full investment discretion for the Funds. This means that such Fund has authorized SQNVP in advance to purchase and sell assets in accordance with such Fund's investment objectives. Generally, a Fund's governing documents do not place limitations on this authority. However, SQNVP may enter into side letters with an investor whereby the terms applicable to such investor's investment in a Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Item 17 Voting Client Securities

Because the Funds transact primarily in secured loans to private companies, purchases warrants and/or rights to purchase stock, SQNVP rarely is required to vote proxies. Under very limited circumstances, however, SQNVP may be required to vote proxies solicited by portfolio companies. When this occurs, SQNVP will generally seek to vote proxies in the best interests of the Fund, with the goal of maximizing value for the Fund and the investors in the Fund. To that end, SQNVP endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Fund's investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. Investors cannot direct SQNVP's vote.

SQNVP's complete proxy voting policy and procedures has been memorialized and is available for investors to review upon request. Investors may request, in writing, information on how proxies for their respective Fund's shares were voted. If any investor requests a copy of SQNVP's complete proxy policies and procedures or how SQNVP voted proxies for their respective Fund, we will promptly provide such information to the investor.

Item 18 Financial Information

SQNVP has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, and SQNVP has not sought bankruptcy protection.