

# **Class VI Ventures, LLC**

**(part of the Class VI family of companies)**

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## **Part 2A Brochure**

This brochure provides information about the qualifications and business practices of Class VI Ventures, LLC or ("Class VI Ventures" or "Firm"). If there are any questions about the contents of this brochure, please contact us at 303-243-5601. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. CVIV is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about CVIV is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This site may be searched by using a unique identifying number, known as an IARD number. The IARD number for CVIV is 328904.

## **ITEM 2 – MATERIAL CHANGES**

As you will see, this document is a narrative providing detailed information regarding our Firm, its practices, structure, fees, actual and potential conflicts of interest and key mitigating circumstances, policies and controls.

### **Summary of Material Changes**

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**.

We encourage clients to read this document in its entirety. Additional copies may be downloaded from the SEC Website as indicated above, or by contacting our Chief Compliance Officer, Chris Younger, at 303-243-5601 or [chris@classvippartners.com](mailto:chris@classvippartners.com). Additional information about CVIV is also available via the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 4 – ADVISORY BUSINESS**

Class VI Ventures, LLC (“CVIV”, the “Firm” or “We”) is an SEC-registered investment adviser with its principal place of business in Denver, Colorado. Although CVIV is a registered investment adviser, registration itself does not require and should not be interpreted to imply any particular level of skill or training.

The Firm was registered in November 2023 and is owned through entities controlled by principals Christopher Younger, John Fry and John Henderson. Many of the senior investment professionals of CVIV have extensive backgrounds in private equity/private debt investing. Accelerator Fund I and Accelerator GP Fund I are advised by the Firm and are referred to herein as “Class VI Private Fund” or “Fund”.

The Firm manages the Fund based on the particular investment objectives and strategies described in the applicable Client’s (i) confidential offering memorandum or separate account agreement and (ii) governing documents (referred to collectively as “Offering Documents”). The Fund’s focus is primarily making growth capital investments in small to mid-sized companies. The Class VI Private Fund is not registered under the Investment Company Act, and their shares or interests, as applicable, are not registered under the Securities Act, and are instead sold to qualified investors who meet certain criteria on a private placement basis. Class VI Private Fund requires that investors be “accredited investors” as defined under Regulation D under the Securities Act (“Regulation D”). Accordingly, the Class VI Private Fund is not publicly offered in the United States.

For a more information on Class VI Private Fund, please refer to Section 7.B(1) of Schedule D of Part 1A of the Firm’s Form ADV, which is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Firm’s affiliated Investment Adviser, Class VI Family Office, will recommend the Class VI Private Fund to certain wealth management account clients of Class VI Family Office. It is important clients refer to Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss below for important information about the risks associated with private placements. Employees of Class VI and its affiliates may invest alongside other investors and advisory clients in the Fund. Other qualified individuals who may not be employees or advisory clients of Class VI or another Class VI entity, but who have pre-existing business relationships with the firm or its affiliates or industry expertise in the sector in which a fund may be investing, also may participate alongside other investors. It is important clients refer to Item 10 for disclosure of the firm’s affiliates and the related conflicts.

### **Assets Managed:**

As of the time of this filing, Class VI Ventures had \$0 of discretionary assets under management. Class VI Ventures does not manage any assets on a non-discretionary basis.

### **Investments In Partnership:**

The General Partner of the Fund is affiliated with Class VI Ventures through common ownership and control as well as shared executive officers. The General Partner of each Partnership and the

principals and certain investment professionals of Class VI Ventures generally participate in the Partnership's investments by investing directly in the Partnership (via limited partner interests).

## **ITEM 5- FEES AND COMPENSATION**

Investors in the Class VI Private Fund are subject to a management fee of 2% on capital commitments and are charged a carried interest allocation of 20% with respect to such investments. The manner of calculation and application of the management fee, administrative services fee and the carried interest allocations are disclosed in the offering documents and Limited Partnership Agreement for Class VI Private Fund. Management fees are typically paid by requiring investors to make capital contributions in respect of such fees or withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors. Carried interest allocations are typically deducted from investment proceeds that would otherwise be distributable to the investors in Class VI Private Fund.

Investors should refer to the applicable Offering Documents for more information with respect to the valuation of Class VI Private Fund. The General Partner determines portfolio company valuations for purposes of the Fund's audited financial statements using observable and unobservable inputs and models. Because portfolio companies are not subject to regular market pricing, determining value can be difficult and subjective, and investors should understand that the General Partner has a conflict of interest in completing this function internally rather than obtaining independent, arms'-length valuations. The inherent conflict of interest is mitigated by the fact that the Management Fee due to the General Partner's affiliate Management Company is calculated based on Capital Commitments, rather than current value of Fund interests. Similarly, Carried Interest, if any, due to the General Partner and other Class VI Persons will be based on actual sales prices obtained, not internal valuations.

The minimum level of investment for accounts participating in the Class VI Private Fund is set forth in the governing documents. Minimum investment levels are subject to waiver at the discretion of the GP Entity. Additionally, all investors must meet specific suitability requirements in order to invest, as described above in Item 4. Class VI Ventures, its affiliates and their related persons will receive a potential allocation of Carried Interest (discussed in Item 6) from the Class VI Private Fund.

Such compensation provides incentive for the Firm and its Affiliates to recommend the Class VI Private Fund to wealth management clients of Class VI Family Office. CVIV will not charge an investment management fee to Class VI Family Office wealth management clients for the amount invested in the Class VI Private Fund. However, because the Carried Interest charged to the Class VI Private Fund is higher than the investment management fee charged to the Firm's clients, even with this fee offset there is still an incentive for the Firm to recommend the Class VI Private Fund to Class VI Family Office clients. To mitigate this conflict, the Firm will only recommend an investment in the Class VI Private Fund to clients in keeping with its fiduciary requirements and will make such investment only upon the written approval and consent of the client.

In addition to the Management Fee and Carried Interest described above, Class VI Private Fund bears organizational expenses up to \$200,000. The ongoing expenses include administrative fees and expenses; reporting expenses in connection with its operation of the Class VI Private Fund; investment expenses; insurance expenses; audit and tax preparation and other tax-related fees and expenses; legal

and accounting fees; consulting fees; due diligence expenses; expenses associated with mailing and reproducing the Offering Documents, any amendments thereto and other communications with investors, including through electronic portals; travel-related offering and investment expenses; and expenses relating to the organization. Investors should refer to the applicable Offering Documents for more information with respect to the specific fees and expenses payable by Class VI Private Fund. The Firm will receive an annual management fee (the "Management Fee"), equal to two percent (2.0%) per annum based on the aggregate amount of Capital Commitments. The Management Fee will be billed quarterly and due as called following the Initial Closing and will be based upon the aggregate Capital Commitments, without reduction or other adjustment for Capital Contributions, and charged on each Limited Partner's pro-rata share of the aggregate Capital Commitments. The value of a Limited Partner's Interest may be materially different from—either higher or lower—the Limited Partner's pro rata amount of aggregate Capital Contributions used to calculate the Management Fee.

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

Class VI Private Fund will charge a fee based on a share of capital gains on or capital appreciation of the client's assets under management for Class VI Private Fund. As discussed in Item 5, the Firm and its affiliates and their related persons are entitled to carried interest allocations in accordance to the Offering Documents. With respect to CVIV and its affiliates, known or reasonably anticipated conflicts of interest involving Class VI Ventures, or its affiliates are disclosed in the Offering Documents provided to potential investors prior to their investment.

The Fund is charged a Management Fee paid to the Management Company and a Carried Interest paid to the General Partner. Pursuant to the Fund's Limited Partnership Agreement, the General Partner may allocate a portion of the Carried Interest to certain Affiliates (i.e., Family Office, Securities, Partners, and Pathfinder), which may be used to enhance the respective Affiliate's bonus pool for all employees of the respective Affiliate. The General Partner and Management Company have an incentive to make more speculative investments for the Fund than it would otherwise make in the absence of performance-based distributions, although this incentive is tempered somewhat by the fact that losses will reduce the Fund's performance and thus the Carried Interest distributions. The General Partner and each Class VI Person who receives an allocation of the Carried Interest, as well as their respective employees, have an incentive to take actions which would increase the Carried Interest. Furthermore, the method of calculating the Carried Interest, the management and disposition of investments, including the timing and sequence of such dispositions may result in conflicts of interest between the General Partner, on the one hand, and the Limited Partners, on the other hand. For example, the General Partner may be incentivized to operate the Fund, including holding and/or selling investments, in a manner that takes into account the tax treatment of the Carried Interest distribution. While the General Partner generally intends to seek beneficial pre-tax returns for the Fund as a whole, the General Partner may nonetheless be incentivized to hold investments longer to ensure long-term capital gains treatment for recipients of Carried Interest. The Management Fees also create an incentive for the Management Company to hold investments for longer periods of time than it may have otherwise held such investments in order to increase the amount of Management Fee it is entitled to receive.

Certain Class VI Persons may invest in the Fund. Investment by Class VI Persons in the Fund operate to align, to some extent, the interests of Class VI Persons with the interest of the investors in the Fund, although Class VI Persons could have economic interests which compete with their Fund investment. For example, affiliated owners may seek a liquidation event of a Fund's portfolio company to enhance cash distribution of the Fund, while the liquidation event is not in the best interest of the Fund. Investments I and Investments II may also have ownership interests in the portfolio companies and could encourage the placement of a portfolio company into the Fund when not in the best interest of the Fund.

## **ITEM 7- TYPES OF CLIENTS**

Investors in the Class VI Private Fund must be "accredited investors" under Regulation D under the Securities Act of 1933. Investors in Class VI Private Fund must be eligible to enter into a performance fee arrangement under the Advisers Act, and therefore will also meet the definition of "qualified client" under Rule 205-3 of the Advisers Act.

The minimum dollar amount of assets ordinarily required to invest in the Private Fund is set forth in their respective governing documents. Investment minimums are subject to waiver at the discretion of the General Partner.

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

The Fund will pursue a strategy to source investments leveraging the current capabilities and resources of the Class VI Companies organization. Specifically, the strategy is based on a combination of Pathfinder's service offering, investment banking capabilities (referenced as Partners), and Family Office's clients, primarily entrepreneurs who have sold their businesses through Class VI Companies.

Pathfinder utilizes digital marketing and channel partner strategies to engage growth stage companies in an evaluation of their current and potential future value in line with the entrepreneur's desired exit timing and strategy. Pathfinder leverages both automated tools and in-person engagements with its team of consultants and Securities' investment bankers to deliver a 1-5 year strategic plan identifying key growth drivers and business risks to be mitigated in order to increase future valuation. In many cases, the Pathfinder team is engaged to support the execution of the strategic plan as well.

Pathfinder clients represent a source of potential investments for the Fund. Approximately 20-30 companies participate in the Pathfinder process each year. Historically, 40-50% of these companies have demonstrated the appropriate scale and business characteristics to qualify as potential targets for an investment by the Fund. Members of the General Partner will participate in the Pathfinder process to evaluate the opportunity, potential uses of capital and the business owner's willingness to engage a partner. Using this approach, the Fund believes that it can identify and execute approximately 2-4 investments per year through this proprietary source of opportunities.

Several times per year Partners or Securities executes transactions that involve a recapitalization of private middle-market companies alongside growth equity or private equity funds. Though the majority of the Fund's investments are expected to come from the previously described Pathfinder process, the Fund will selectively consider co-investing in these recapitalized Partners or Securities clients.

The Fund intends to raise a significant portion of its capital from clients of the Family Office and other entrepreneurs who have scaled and sold businesses and to engage these limited partners to help evaluate new investments and the potential for adding to the Fund's portfolio companies.

The Fund will also utilize a network of Pathfinder-affiliated third-party service providers to further support its portfolio companies with their growth plans with an initial focus on scaling sales and marketing, systems to support growth, financial capabilities, and talent acquisition. With respect to the latter, the Fund will cultivate third parties who have a network of executives in critical areas such as finance, sales, marketing, and technology from which portfolio companies can potentially add needed talent to support growth.

**Market Risks and General Economic Conditions-** The ability of the Fund to make Investments will be driven in significant part by general economic conditions in the United States. The general economic conditions can be expected to fluctuate with local and national economic conditions, such as job availability, interest rates and inflation rates. You should carefully consider the current and predicted state of the macro economy before investing in the Interests.

**Impact of Terrorist Attacks, War, Rising Energy Prices, the National Deficit and Acts of God, Credit Market Disruptions or Other Events -** The terrorist attacks of September 11, 2001, the government's military response to the terrorist attacks, the war in Iraq and COVID-19 all contributed significantly to the economic instability in the United States and in Colorado. Further, recently rising energy costs, disruptions in the credit markets and the increase in the national debt and deficit may have an adverse effect upon the economy in general. Any similar terrorist acts, wars or military conflicts, continued credit market instability or other events, such as acts of God or other major catastrophes, may have an adverse effect on the national economy, market demand for the real property and the ability of the Fund to make Investments.

**Market and Competition-** There can be no assurance that market demand will be adequate to allow the Fund to make Investments in sufficient volume or at sufficient profit, or to make distributions to the Limited Partners. If the market demand is not adequate, a prospective Limited Partner could lose all or a portion of his, her or its investment in the Interests. An abundance of similar developments or competitive activities within the capital or venture finance markets could adversely impact the ability of the Fund to make Investments and the financial performance of the Fund and investment in the Interests.

**Failure to Raise Sufficient Capital; Default on Capital Commitments -** The General Partner does not intend to issue Capital Calls until it has received a minimum of **\$20,000,000** in Capital Commitments. Nonetheless, once Capital Calls are issued, there is no minimum Capital Contribution the Fund must receive to proceed with its strategy. Accordingly, even if the Fund receives adequate Capital



Commitments, it may not receive sufficient Capital Contributions (if, for example, Limited Partners default on or fail to meet the entirety of their Capital Commitment) to achieve its objectives and provide sufficient diversification of investments. The Initial Investment Period is lengthy and the circumstances of Limited Partners may change over the course of that time period, which could increase the risk of defaulting on a Capital Commitment. In addition, if a Limited Partner fails to pay installments of its Capital Commitment to the Fund in response to a Capital Call, and the Capital Contributions made by non-defaulting Limited Partners and borrowings by the Fund are inadequate to cover the defaulted Capital Commitment, the Fund may be unable to pay its obligations when due. If a Limited Partner defaults with respect to its Capital Commitment, then the Limited Partner will be subject to the potential loss of all or a portion of its capital account and other potential penalties as contemplated in the Limited Partnership Agreement.

**Lack of Other Assets-** The Fund is a newly-formed partnership that has no operating history upon which an evaluation of its prospects can be made. The Fund's sole business will be to make Investments. The ability of the Fund to make distributions to its Partners will be totally dependent upon the Fund's ability to make Investments and to generate cash flow from such Investments, resulting in no investment diversification for the Fund. There are and will be no other assets available for generating profits for the Fund.

**Reliance on Management-** The General Partner, through the Key Persons, will be primarily responsible for the management of the Fund's operations. The General Partner entity will be a newly formed entity, organized for the purpose of acting as General Partner to the Fund. This is the initial Fund for the General Partner and neither the General Partner, nor the Key Persons have fund management experience. Limited Partners will not have any right to participate in the management of the Fund's business, except on a strategic consulting basis as specifically requested by the General Partner. Accordingly, prospective Limited Partners should not invest in the Interests unless they are willing to entrust all aspects of the management of the Fund to the General Partner and the Key Persons. Because the success of the Fund will be dependent, in large part, upon the personal efforts and abilities of the Key Persons, if the Key Persons were no longer affiliated with the General Partner and if no suitable substitutes were found to replace them, the Interests could be adversely affected. Further, although the Key Persons have substantial experience in capital finance and business operations, their failure to successfully manage the investments of the Fund could have a material adverse effect on the Interests.

**Third Party Consultants-** The General Partner and the Management Company intend to utilize the expertise and skill of third parties, including potentially Fund investors, to, among other tasks, assist the General Partner and the Management Company in understanding the business activities, risks and opportunities of potential portfolio companies. Such third parties may have interests or engage in activities that conflict with the interests of the Fund.

**Risk of Private Debt and Equity Investments-** Private debt and equity investments involve a high degree of financial risk. There can be no assurance that investments by the Fund will be profitable or that substantial losses will not occur. The companies in which the Fund will invest are often dependent on the skills of a small number of executives and are vulnerable to changes in technology, fluctuations in demand for their products, changing interest rates and other factors. There can also be no assurance

that the Fund will be repaid, be able to sell or otherwise liquidate its investments at the optimal time or price. Therefore, there can be no assurance that the rate of return objectives of the Fund will be realized or that there will be any return of capital to the Limited Partners.

Debt instruments are subject to credit and interest rate risks. Credit risk refers to the likelihood that an obligor will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities and other debt instruments which are rated by rating agencies are often reviewed and may be subject to downgrade. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) or directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

**Market for Transactions and Financing** - The business of identifying and structuring middle market and lower middle market equity and debt investments involves competition and uncertainty. There is no assurance that the Fund will be able to invest all of its committed capital or that suitable investment opportunities will be identified which satisfy the Fund's investment objectives. The sizes of portfolio companies may vary significantly.

**Fees** - The return to the Limited Partners from investing in the Fund will be negatively affected by the fees, expenses and the incentive allocation (Carried Interest) payable to the General Partner.

**Time Required to Maturity of Investment**- It is anticipated there will be a significant period of time before the Fund has completed its investments in portfolio companies. The type of investments in which the Fund may invest may typically take from three to ten years or more from the date of initial investment until a return of such investments. In light of the foregoing, it is possible that no significant return from the disposition of the Fund's investments will occur until many years from the date of the Initial Closing of the Fund.

**Insolvency / Default Risk** - It is possible that the Fund's equity investments in targets may become worthless in the event of the insolvency or failure of the target entity. In many cases, target entities have limited capitalization and in some cases limited operational history. In a similar way, it is possible that the issuer of a note or other instrument in which the Fund invests may default on its debts in which case the Fund may lose most or all of its investment in that instrument, thus subjecting the Fund to significant loss. A significant downturn in the economy or a particular economic sector could have a significant impact on the business prospects of the companies with respect to which the Fund is holding loans. Such adverse developments may adversely affect the ability of such borrowers to comply with

their loan repayment obligations, as well as the ability of the Fund's subsidiaries to obtain leverage at desired levels, cost or terms.

**Concentration Risk** - The Interests could be impaired by the concentration of the Investments in a particular industry or geographic location in the event that such obligor, industry or geographic location were to experience adverse business conditions or other adverse events. In addition, defaults may be highly correlated with particular obligors, industries or geographic locations. If loans involving a particular obligor, industry or geographic location represent more than a small proportion of the collateral securing such loans, and that obligor, industry or geographic location were to experience difficulties that would affect payments on the loans, the overall timing and amount of collections on the loans held by the Fund may differ from what may have been expected.

**Uninvested Cash**- To more efficiently invest short-term cash balances held by the Fund, the General Partner and the Management Company may invest such balances on an overnight basis in shares of one or more money market funds or other short-term vehicles. While the General Partner and the Management Company will seek to invest the Fund's short-term cash balances in a prudent manner, there is no guarantee that such funds will not incur losses or that access to such funds will not be impaired in certain circumstances.

**Lack of Market Liquidity** - There is no organized public market for the Interests and it is not expected that any organized public market will develop in the future. Therefore, a prospective Limited Partner should invest in Interests only if they have the resources to assume the risks characteristic of this type of investment and can afford to invest on a long-term basis.

**No Independent Counsel** - No independent counsel has been retained to represent the interests of the Limited Partners. The interests of a Limited Partner may be inconsistent in some respects with the interests of the Fund and the General Partner. Each prospective Limited Partner is therefore encouraged and urged to consult his, her or its own counsel as to the terms and provisions of the Interests and in all other documents related thereto.

**Restrictions on Transfer** - The Fund Agreement contains transfer restrictions on the Interests. Pursuant to the Fund Agreement, a Limited Partner is required to pay a transfer fee of \$2,500 per each proposed transfer of Interests, which fee shall be non-refundable, notwithstanding that a transfer may not be subsequently approved. The transfer of Interests is subject to prior compliance with or exemption from applicable securities laws and the condition that the transfers will not result in a termination of the Fund for federal income tax purposes or otherwise adversely affect the tax status of the Fund. The refusal of the General Partner to make a "Section 754 Election" to adjust the basis of Fund property upon a transfer of a Limited Partner's Interests may create adverse tax consequences to the transferee and thereby pose an additional impediment to the transferability of the Interests. In addition, a Limited Partner may not withdraw his, her or its capital contribution from the Fund prior to dissolution. Consequently, the General Partner gives no assurance that a Limited Partner will be able to liquidate his Interests. Pursuant to the terms of this offering, transfers of Interests to unaccredited investors are strictly prohibited.

**No Guarantee of Distributions** - Limited Partners may not receive any cash distributions. Further, the Limited Partners may be allocated profits, resulting in taxable income to such Partners, but not receive any distributions from the Fund to pay such taxes. Any distributions are totally dependent upon receipt of proceeds from loans made or acquired by the Fund. The General Partner gives no assurance that the Fund will receive repayment of any loans made or acquired by the Fund.

**Limited Rights of Investors** - Limited Partners will be unable to exercise any management functions with respect to the Fund. The rights and obligations of Limited Partners are governed by the provisions of the applicable Colorado statutes and by the Fund's Limited Partnership Agreement. The General Partner may be removed for good cause shown by the vote of the Advisory Committee. In the event the General Partner is removed for Good Cause, it shall remain liable for all obligations incurred by the Partnership prior to the effective date of its withdrawal. In such an event, the Carried Interest Distributions to which the General Partner would be entitled after the date of such removal, shall be reduced by (i) twenty-five percent (25%), and (ii) when quantified, the amount of actual damages suffered by the Partnership as a direct result of the conduct that resulted in removal.

**Limited Partners' Potential Liability to Creditors** - A Limited Partner's liability to creditors of the Fund would be limited to the Limited Partner's Capital Contribution and undistributed profits. However, if a Limited Partner has received a return of his, her or its Capital Contribution, such Limited Partner may be required by applicable Colorado statutes to make a contribution of the returned Capital Contribution to the Fund to the extent necessary to discharge certain of the Fund's liabilities to creditors.

**Indemnification Obligations** - The Fund is obligated to indemnify the General Partner and its affiliates and agents against certain civil liabilities, including those under the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended, and certain other potential liabilities. If the Fund were required to indemnify the General Partner or such other parties, the Fund would have to expend the Fund capital, thereby reducing the amount of funds available for use in the Fund to invest or to distribute to Limited Partners.

**Securities Act of 1933** - The offer and sale of Interests in the Fund will not be registered under the Securities Act of 1933, as amended in reliance upon the exemption from registration provided by Section 4(2) thereof and Regulation D promulgated thereunder. Each purchaser must be an "accredited investor" (as defined in Regulation D) and will be required to represent, among other customary private placement representations, that it is acquiring its interest in the Fund for its own account for investment purposes only and not with a view to resale or distribution.

**Tax Considerations** - The Fund will be structured so as to be treated as a partnership, and not as an association taxable as a corporation, for federal income tax purposes. As such, each Partner, in determining its federal income tax liability, will take into account its allocable share of items of income, gain, loss, deduction and credit of the Fund, without regard to whether it has received distributions from the Fund. As is generally the case for similar private equity investment vehicles, an investment in the Fund will give rise to a variety of complex U.S. federal income tax and other tax issues for Limited Partners. Certain of those issues may relate to special rules applicable to certain types of investors, such as tax-exempt entities, life insurance companies, banks, individuals, dealers in securities and foreign

persons and entities. Prospective investors are urged to consult their own tax advisers with specific reference to their own situations concerning an investment in the Fund.

**Tax Returns** - Many of the Fund's Investments will be in the form of equity holdings. The preparation and timing of the Fund's partnership tax return is dependent on its timely receipt of required tax information (e.g., K-1's) from its portfolio companies. In some cases, it is likely that the Fund will not receive required tax information necessary to prepare its Form 1065 partnership tax return for submission by April 15<sup>th</sup> and to likewise issue K-1's to Fund Partners. It may be necessary for the Fund to file an extension to file its tax return and to issue K-1's which would require Partners to potentially file tax return extensions as well.

**Income Tax Risks** - The federal and state income tax consequences of an investment in Interests will have a material effect on your economic return from the investment. Prospective Limited Partners should be aware of the tax aspects of an investment in Interests. Prospective Limited Partners are urged to consult tax advisors prior to investing in the Interests.

**Third Party Litigation** - The Fund's investment activities subject it to the normal risks of becoming involved in litigation by third parties. This risk would be somewhat greater if the Fund or its subsidiaries were to exercise control or significant influence over a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent fraud, willful misconduct, gross negligence or reckless disregard of the General Partner obligations under management agreements, be borne by the Fund and would reduce net assets. The General Partner and others are indemnified by the Fund in connection with such litigation, subject to certain conditions.

**Fraud or Misrepresentation** - Of paramount concern in any Investment is the possibility of material misrepresentation or omission on the part of any company being invested in. Such inaccuracy or incompleteness may adversely affect the valuation of an investment. The Fund will rely upon the accuracy and completeness of representations made by counterparties to Investments to the extent reasonable but cannot guarantee such accuracy or completeness.

## **ITEM 9- DISCIPLINARY INFORMATION**

CVIV does not have any legal, financial, or other "disciplinary" item to report.

## **ITEM 10- OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **The Class VI Companies**

The Class VI family of companies was initially started as a mergers and acquisitions intermediary in 2005 by Chris Younger and his business partner David Tolson. Class VI has since grown to include several companies. In addition, other managers and owners of the Class VI Companies have ownership interests and/or exercise management authority over one or more of the affiliates, including Class VI Partners, LLC ("**Partners**"), Class VI Securities, LLC ("**Securities**"), Class VI Pathfinder ("**Pathfinder**"), Class VI Family Office, LLC ("**Family Office**"), Class VI Investments, LLC ("**Investments I**"), and Class VI

Investments II ("**Investments II**"). In addition, Class VI Ventures, LLC ("**Management Company**") will serve as the Fund's investment adviser, and Class VI Accelerator Fund I -- GP, LLC (the "**General Partner**"), is the Fund's General Partner. Collectively these entities are referred to herein as the "**Class VI Companies**".

Family Office is a registered investment adviser that advises separately managed accounts. Family Office will likely recommend Fund interest to some of its advisory clients. Partners and its affiliate FINRA-member broker-dealer, Securities, represent companies in the sale of assets or equity and operate as an investment bank. Securities has been a FINRA registered broker-dealer since 2009. Securities will serve as the placement agent for the Fund but will not receive any transaction-based compensation related to its placement of Fund interests. Pathfinder provides exit planning and consulting services to companies between six months to over five years prior to exiting. Pathfinder utilizes tools and processes it has developed as part of Partners' board advisory and now Pathfinder's practice to help companies prepare for a sale of assets or equity, reduce the risk level of operations, and ensure the growth plan of such companies is tested and credible. While Pathfinder prepares companies for an ultimate sale, Securities and Partners manage the sale transactions. Investments I and Investments II have historically held equity received by Partners or Securities as a part of their investment banking fees. On occasion, Investments I and Investments II have made direct investments in companies or other opportunities.

Partners is 77% owned by an entity 100% owned by Chris Younger, and also has as shareholders entities 100% individually owned by David Tolson, Zack Gibson, Peter Bessone, Alex Woolford, and Cam McCaslin, each of whom is an employee of Partners and Securities. Securities and Investments II are owned by the same entities in the same percentages as Partners. Investments I is owned 50/50 by an entity 100% owned by Chris Younger and another entity 100% owned by David Tolson. Family Office is majority-owned by Investments I, and also has entities as shareholders which are individually 100% owned by Matt Blackburn, Dalyce Young and Luke McCaslin, each of whom is an employee of Family Office. Pathfinder is 70% owned by Investments II and 30% owned by Rob Scott, an employee of Pathfinder. Pathfinder provides exit planning and consulting services to companies 6 months to over 5 years prior to exiting. Pathfinder utilizes tools and processes it has developed as part of Partners' board advisory and now Pathfinder's practice to help companies prepare for a sale of assets or equity, reduce the risk level of operations, and ensure the growth plan of such companies is tested and credible. While Pathfinder prepares companies for an ultimate sale, Securities and Partners manage the sale transactions. Investments I and Investments II have historically held equity received by Partners or Securities as a part of their investment banking fees. On occasion, Investments I and Investments II have made direct investments in companies or other opportunities. Given the respective ownership of the Class VI Companies, each is under the common control of Chris Younger.

### **Conflicts of Interest with Affiliates**

The Fund's strategy is largely predicated on leveraging existing capacities, services and deal flow of the Fund's Affiliates. Accordingly, there will routinely be situations in which the General Partner, the Management Company as the Fund's investment manager, their Affiliates (i.e., Partners, Securities, Pathfinder, Investments I, Investments II, and Family Office), and their respective members, officers, principals, and employees (collectively, "**Class VI Persons**") encounter potential or actual conflicts of

interest in connection with the Fund's investment activities. While the General Partner and the Management Company generally intend to limit conflicts of interest, there are situations in which the interests of the Fund conflict with the interests of the Class VI Persons. There is a risk that such conflicts will have a material adverse effect on performance of the Fund. The discussion below enumerates certain actual and potential conflicts of interest that are associated with the financial or other interests that the Class VI Persons have in transactions effected by, with or on behalf of the Fund.

Management Company is the Fund's investment adviser. Subject to the Limited Partnership Agreement, the Management Company's portfolio managers of the Fund will devote a portion of their business time not only to the Fund but also to Class VI affiliates as well as to other activities, such as assisting or working for other Class VI entities, serving on boards of directors of public and private companies, engaging in civic, professional, industry and charitable activities, and conducting and managing personal and family investment activities. Such activities could be viewed as creating a conflict of interest in that the time and effort of the portfolio managers will not be devoted exclusively to the business of the Fund but will be allocated between the business of the Fund and such other activities.

**Affiliate is primary source of Fund investors:** Fund investors will be primarily (although not solely) sourced from Family Office, the General Partner's and Management Company's affiliate. Family Office is a registered investment adviser that advises separately managed account clients. Family Office, as a member of the General Partner, will receive an allocation of the Carried Interest, if any, from the Fund. For the general success of the Fund, and the Fund's ability to pay for services to the Class VI Persons, including compensation to the Family Office, Family Office has an incentive to recommend the Fund to Family Office clients, although an investment in the Fund may not be in the best interest of the client. Family Office will not charge an investment management fee to Family Office clients for amounts invested in the Fund. However, because Carried Interest and Management Fees charged to the Fund are higher than the investment management fee typically charged to Family Office clients, there is still an incentive to recommend the Fund to Family Office clients for overall higher compensation. This conflict is heightened by the fact that the Affiliates have similar common ownership; accordingly, higher compensation to the General Partner or the Management Company generally benefits the majority owners of the Affiliates, even if Family Office waives its usual advisory fees on Fund investments. Family Office will only recommend an investment in the Fund to clients in keeping with its fiduciary requirements and in compliance with Section 206(3) of the Advisers Act of 1940, i.e., making such investment only after full disclosure to, and written approval from, the client (whether such Family Office client maintains a discretionary or non-discretionary account with Family Office).

**Affiliate provides brokerage services to Fund and portfolio companies:** The General Partner and Management Company's affiliate, Securities, a registered broker-dealer, provides private placement services to the Fund as well as private placement and investment banking services to the Fund's portfolio companies. To mitigate any incentive to generate broker-dealer fees for the placement of Family Office clients into the Fund or for the placement of portfolio companies into the Fund, Securities has agreed to forego any direct fee compensation for the placement of Family Office clients into the Fund as well as any fees which could be earned through the placement of a portfolio company into the Fund. Securities will, though, receive an allocation of the Carried Interest (discussed above). Securities,

if retained by the controlling equity holders of Fund portfolio companies, may charge investment banking fees, which include fees based on meeting or exceeding certain targets, to Fund portfolio companies for any private placement and investment banking services provided directly to such Fund portfolio company (other than the placement of the portfolio company with the Fund). The payment of investment banking fees to Securities provides incentive for it to cause the Management Company to have portfolio companies engage in investment banking transactions to generate these fees, rather than because these transactions are in the best interest of the Fund. It should be noted, however, that neither the Fund nor Partners or Securities will be controlling equity holders of any Fund portfolio companies, and any fees charged by Securities or Partners will be negotiated at arm's length between the controlling equity holder(s) of a Fund portfolio companies (which will not include the Fund) and Securities or Partners. Securities and Partners will ensure that their fee arrangements with Fund portfolio companies are at rates customarily charged by Securities for such services, and not inconsistent with general industry practices for such services. Prospective investors should be aware that such fees negatively affect the Fund's investment in such portfolio company, and otherwise reduce the overall performance of the Fund.

**Affiliates provide consulting services to Fund and portfolio companies:** The General Partner and Management Company's affiliates, Partners and Pathfinder, provide consulting services (which may include advice on the sale of assets) and growth consulting services, respectively, to portfolio companies, as well as consulting services to the Fund. Generally, Partners and Pathfinder provide such services prior to (and during) the Fund's investment in such portfolio companies. To mitigate conflicts of interest, Partners and Pathfinder will not charge consulting fees to the Fund, though they will typically charge fees to portfolio companies, as discussed below. In addition, Partners and Pathfinder will receive an allocation of Carried Interest (discussed above). Prospective investors should be aware that such compensation could improperly incentivize Partners and Pathfinder to encourage the placement of portfolio companies into the Fund. Partners and Pathfinder will charge fees for consulting services to the portfolio companies (which for Partners includes fees based on meeting or exceeding certain targets). Such fees will be at rates customarily charged by Partners and Pathfinder, respectively, for such services, and not inconsistent with general industry practices for such services, and will be negotiated at arm's length with the controlling equity owners of Fund portfolio companies (which controlling equity holders will not include the Fund). Partners and Pathfinder have an incentive to seek to have their clients, i.e., potential portfolio clients, placed into the Fund to maximize their opportunity to provide continued services to, and generate fees from, such entities. Further, compensation from a portfolio company could be in the form of portfolio company securities which creates an incentive to ensure that such portfolio company increases in valuation, including by placement of such portfolio company into the Fund. Prospective investors should be aware that portfolio company fees negatively affect the Fund's investment in a portfolio company and reduce the overall performance of the Fund.

**Affiliate is primary source of Fund portfolio companies:** Pathfinder is the primary source of potential investments into the Fund. The General Partner and Management Company may be severely limited in the number of potential portfolio companies it considers for Fund investment to meet the Fund's investment objectives as it will not typically considered other potential companies which might be good investments, but which are not Pathfinder clients. It is possible that the Fund might invest in a company and require that such company become a Pathfinder client to maximize its chances for



success. Given the limited source for potential investments, the General Partner and Management Company may not be able to recommend sufficient potential portfolio companies for Fund investment. There could be an improper incentive or pressure to recommend the Fund invest in a potential portfolio company, although the potential portfolio company is not in the best interest of the Fund.

**Directors and officers of portfolio companies:** Class VI Persons may serve as directors, officers or an equivalent position of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of such portfolio companies to comply with any duties to such portfolio companies. In certain circumstances, for example in situations involving bankruptcy or near insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Fund and vice versa.

### **Conflicts of Interest**

Clients should be aware that the ability to receive additional compensation by Class VI Ventures, its affiliates including Securities., and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. CVIV endeavors always to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. We take the following steps, among others, to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for certain Firm employees to earn compensation from advisory clients in addition to the Firm's advisory fees.
- We collect and document accurate, complete, and relevant client background information, including the client's financial goals, objectives, and risk tolerance.
- The Firm conducts regular reviews of each advisory account to verify that all recommendations made to a client are in the best interest of the client.
- We require that our employees seek prior approval of any outside employment activity to ensure any conflicts of interests in such activities are properly addressed.
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm.
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for investment advice provided.

For those that qualify as an investor in the Class VI Private Fund, the Firm intends to recommend investment in the Class VI Private Fund to separately managed account clients of the Firm. The Firm and its members, principals, officers, and employees may also conduct investment activities for their own proprietary accounts. These various relationships create conflicts of interest. Disclosure of these conflicts is detailed in the Subscription Documents executed by investors of the Class VI Private Fund.

## **ITEM 11- CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm has adopted compliance procedures including a Code of Ethics (the "**Code of Ethics**"), applicable to its activities with respect to the Fund, to comply with applicable federal securities laws and

place the interests of clients (i.e., the Fund) first. The Firm has procedures to comply with the Investment Advisers Act requirements, which, among others, includes providing disclosure to, and obtaining appropriate consent from, the Fund when engaging in transactions with conflicts, i.e., principal or agency cross transactions as defined under federal securities laws. The Firm, its personnel and affiliated entities may not take for itself an investment opportunity that is appropriate for the Fund. The Code of Ethics imposes certain restrictions on securities transactions in the accounts of covered persons to avoid these conflicts of interest. However, subject to the limitations of the compliance procedures and Code of Ethics, covered persons may buy and sell securities or other investments for their accounts, including investments in the Fund, and may also take positions that are the same as, different from, or made at different times than, positions taken by the Fund.

The Investment Advisers Act of 1940 makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule can apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners, principals or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund. Such levels of participation in the Partnership by our owners, principals or employees is limited by the terms of each Partnership's partnership agreement and/or offering documents, though side-by-side investments are typically allowed.

The Code of Ethics is designed to protect our clients, to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Class VI Ventures, guard against violation of the securities laws, and establish procedures for personnel to follow so we may determine whether they are complying with the firm's ethical principles.

In addition, the firm personnel will devote a portion of their business time not only to Affiliates but also to other activities, such as serving on boards of directors of public and private companies, engaging in civic, professional, industry and charitable activities, and conducting and managing personal and family investment activities. Such activities could be viewed as creating a conflict of interest in that the time and effort of the portfolio managers will not be devoted exclusively to the business of the Fund but will be allocated between the business of the Fund and such other activities.

Class VI Persons may come into possession of confidential or material non-public information which may be beneficial to the Fund. Class VI Persons will be precluded (including by applicable law or internal policies or procedures) from disclosing such information to, or otherwise using such information for, the Class VI Private Fund.

## **ITEM 12- BROKERAGE PRACTICES**

Because the Fund focuses primarily on making investments in private securities, it does not deal with securities intermediaries such as brokers, or require the use of a traditional custodian. We do not

recommend brokers or custodians. Instead, Fund investments are made through privately negotiated transactions. Accordingly, many of the required disclosures in Item 12 are not applicable to our Firm.

CVIV is responsible for all parts of the investment process, including deal sourcing and origination, investment decision making, deal negotiation and transaction structuring, portfolio management (the act and process of overseeing the investments made on behalf of the Partnerships) and recommending exit strategies. CVIV will typically make direct investments on behalf of the Partnerships in privately held, small to middle-market companies. Rarely will the Partnerships acquire publicly traded securities, except in connection with the sale of a privately held Portfolio Company to a company that is publicly traded or a Partnership Portfolio Company that undertakes a public offering of its securities.

Each direct investment is carefully structured through negotiations by CVIV as well as various professionals engaged by us to facilitate a particular transaction, as appropriate. These professionals may include attorneys, accountants, consultants, information technology and due diligence professionals and others. All such professional relationships are managed at arm's-length, and all such advisors are engaged with the intent to represent the best interests of the Partnerships.

It should be noted that Class VI Securities, LLC will serve as placement agent but not receive transaction-based compensation. Similarly, if qualified, clients of Class VI Family Registered Investment Adviser (related adviser) will likely invest in the fund.

## **ITEM 13- REVIEW OF ACCOUNTS**

The Investment Committee for each Fund approves all portfolio investments. This committee includes Christopher Younger, John Fry and John Henderson.

## **ITEM 14- CLIENT REFERRALS AND OTHER COMPENSATION**

CVIV has not engaged promoters or paid related or non-related persons for referring potential limited partner investors to our firm. Were the firm to do so in the future, CVIV would only enter into any such arrangement in accordance with the Investment Advisers Act of 1940.

As disclosed above, the Firm's affiliated Investment Adviser, Class VI Family Office, will recommend the Class VI Private Fund to certain wealth management account clients of Class VI Family Office. Other qualified individuals who may not be employees or advisory clients of Class VI or another Class VI entity, but who have pre-existing business relationships with the firm or its affiliates or industry expertise in the sector in which a fund may be investing, also may participate alongside other investors. It is important clients refer to Item 10 for disclosure of the firm's affiliates and the related conflicts.

## **ITEM 15- CUSTODY**

Because the Firm acts as investment adviser to the Partnership and is affiliated with the Partnership's General Partner through common ownership and control, the Firm is deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, the Firm seeks

to have the financial statements of each of the Partnership audited on an annual basis by CBIZ MHM LLC, an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). The Firm will seek to send, directly or through a third party, the audited financial statements to each Partnership investor within 120 days of the applicable Partnership's fiscal year end.

## **ITEM 16- INVESTMENT DISCRETION**

CVIV is granted discretionary authority to determine fund holdings through its advisory agreement with the General Partner. Any limitations to that authority are outlined in the advisory agreement and/or fund offering documents.

## **ITEM 17- VOTING CLIENT SECURITIES**

In our role as adviser to the Fund, we would have authority to vote on any issues connected to the private placements owned by the Fund. To the extent this arises, we will vote based on our assessment of the best interests of the Fund and what we believe will result in the greatest overall return to the Fund. In general, we would vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated) and selection of auditors. We generally vote against proposals that make it more difficult to replace members of the Board of Directors. For all other proposals, we will determine whether a proposal is in the best interests of the Fund and will take into account the following factors, among others: (i) whether the proposal was recommended by management and our opinion of management, (ii) whether the proposal acts to entrench existing management and (iii) whether the proposal fairly compensates management for past and future performance.

You may obtain information related to how we have voted proxies in the Fund, as well as a copy of our proxy voting policies and procedures, upon request.

If a material conflict arises with respect to a particular vote, we will generally disclose it to Fund investors and either refrain from voting in that particular issue or seek consents to vote as we recommend from Fund investors.

## **ITEM 18- FINANCIAL INFORMATION**

Under no circumstances will CVIV earn fees in excess of \$1,200 more than six months in advance of services rendered; therefore, we are not required to include a financial statement with this Brochure.

No financial conditions exist that are reasonably expected to impair the Firm's ability to meet its contractual commitments to the Partnership. Initially, one or more of the Firm's Affiliates will be providing a loan to the Firm to fund the start-up costs to operate the Firm.

In addition, CVIV has not been the subject of a bankruptcy petition at any time during the past ten years.