



## **TRIPHAMMER VENTURES**

**EACH TRIPHAMMER VENTURES FUND IS  
A SERIES OF**

## **ALUMNI VENTURES GROUP FUNDS, LLC**

**THIS CONFIDENTIAL OFFERING MEMORANDUM (“MEMORANDUM”) IS TO BE  
ACCOMPANIED BY A SERIES SUPPLEMENT (“SERIES SUPPLEMENT”)  
RELATING TO THE PARTICULAR SERIES BEING OFFERED**

**FOR USE WITH SERIES OFFERED AFTER JANUARY 1, 2021**

## Special Notices to Investors

The following is information about the series in which an investor is considering investing (that series, the “**Fund**”) pursuant to (i) this Memorandum and (ii) the operating agreement applicable to the Alumni Venture Group Funds and the series supplement (“**Series Supplement**”) applicable to the Fund in which the investor is considering investing (such operating agreement including the Series Supplement, collectively, the “**Operating Agreement**”):

**Confidentiality.** This Memorandum is provided solely to its direct recipient (the “**Recipient**”) to assist the evaluation of an investment in the Fund. The Recipient must keep it confidential, must not distribute it, and may share it only with its tax, financial, and legal advisors for purposes of evaluating the Recipient’s investment decision. Acceptance of this Memorandum constitutes a binding agreement to maintain such confidentiality. Notwithstanding the preceding sentences of this paragraph, the Recipient (and each employee, representative, or other agent of the Recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in a Fund and all materials of any kind (including opinions or other tax analyses) that are provided to the Recipient relating to such tax treatment and tax structure.

**U.S. Regulatory Status.** The Fund’s securities are being offered solely to eligible investors. By conducting that method of offering and by taking certain related measures, the Fund intends that Rule 506(c) of Regulation D (“**Reg D**”) under the U.S. Securities Act of 1933 (the “**Securities Act**”) will exempt the Fund’s securities from being required to be registered with the U.S. Securities and Exchange Commission (the “**SEC**”). The Fund also does not plan to register its securities with any other country or with any U.S. state, but it intends to make appropriate Blue Sky filings to offer securities in certain U.S. states. By also limiting the number of beneficial owners, each separate Fund relies on an exclusion from the requirement to register under the U.S. Investment Company Act of 1940 (the “**Investment Company Act**”). Alumni Ventures Group, LLC, a Massachusetts limited liability company, the Fund’s manager (the “**Manager**”), is not currently registered with the SEC or any U.S. state and investors do not benefit from most of the protections of the Investment Advisers Act of 1940 (the “**Advisers Act**”) or corresponding state laws.

**Notice to Florida Purchasers.** In the event that sales of the securities offered hereby are made to five or more persons in Florida, all purchasers in Florida have the right to void the sale of the securities offered hereby within three days after the payment of the purchase price is made to the Funds, an agent of the Funds or an escrow agent.

**Notice to European Investors.** Investors in the European Union (“**EU**”) are expressly not solicited to invest in the Fund. No goods or services are intended to be offered into the EU. By investing, any investor represents that it was not solicited in the EU.

**Other Jurisdictional Legends.** This Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any state or other jurisdiction in which such offer or solicitation is unlawful or unauthorized. In the event that a jurisdictional legend is attached to the Memorandum, it is intended to constitute part of this Memorandum or otherwise to be delivered in accordance with applicable law.

**No Government Approval.** The SEC has not approved or disapproved these securities or passed upon the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

**No Advice.** The Recipient should carefully read this Memorandum. By accepting this Memorandum, the Recipient confirms that, in connection with any decision it makes to invest or remain invested in the Fund, it is relying solely on this Memorandum and the governing documents of the Fund, and not on any other document or statement from the Fund, the Manager or any other person. No person is authorized to give any information or make any representation concerning the Fund or an investment in the securities issued by the Fund. The Recipient should consult its tax, financial and legal advisors prior to making any investment in the Fund. Nothing in this Memorandum shall be considered to be tax, financial or legal advice.

**Information May Not be Current.** No representation or warranty is made that the information in this Memorandum is accurate after the date on the cover page, and no undertaking is provided that the information will be updated.

**Disclosures Not Comprehensive.** This Memorandum necessarily does not disclose every conceivable risk of investing in the Fund. Any Recipient that seeks to avoid any particular kind of investment should contact the Fund for more information before investing. This Memorandum is not a complete description of the Fund's governing documents. Investors are also subject to any provisions of the subscription documentation, including agreements and disclosures, which may not be described in this Memorandum. To the extent of any inconsistency between this Memorandum and the Fund's governing documents, the governing documents shall control.

**Forward-Looking Statements.** This Memorandum contains certain statements that may be forward-looking statements. These can be identified by the use of forward-looking terms such as "may," "will," "should," "expect," "anticipate," "intend," "believe" and similar expressions. As such statements involve assumptions, uncertainties and risks, such as risks relating to market events, regulatory changes, the operations of the Funds, or otherwise, these expectations may prove to be incorrect and actual results could differ materially from those contemplated in such forward-looking statements. Recipients should not place undue reliance on forward-looking statements.

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### **TAX AND REGULATORY APPENDIX:**

CERTAIN REGULATORY CONSIDERATIONS  
FEDERAL INCOME TAX CONSIDERATIONS  
ERISA AND TAX-EXEMPT INVESTORS

*The Tax and Regulatory Appendix is incorporated by reference and made part of this Memorandum, which must be read together with this Appendix. All references to “this Memorandum” are to this Memorandum and the Tax and Regulatory Appendix together.*

## INTRODUCTION

Alumni Ventures Group Funds (“**AVG Funds**”) is a Delaware series limited liability company. This means that various funds may separately be launched using the AVG Funds structure as modified for each separate series that constitutes a fund. The series of AVG Funds are all managed by the Manager, as provided in the operating agreement applicable to AVG Funds and each series has its own terms as set out in a supplement (“**Series Supplement**”) applicable to the Fund in which the investor is considering investing (collectively, the “**Operating Agreement**”).

The Fund in which an investment is made pursuant to this Memorandum is part of the Fund Family (as listed on the cover page of this Memorandum), which is made up of multiple series of the AVG Funds. The Managing Partner and Senior Partner of the Fund Family utilize their contacts within the University Network to seek investments in companies for which Cornell University (the “**University**”) students, alumni, faculty, or staff serve as founders, investors, directors, or in management leadership positions (the “**University Network**”) or where the company benefits the University or substantially leverages the assets of the University at the time of the investment (the “**Investment Objective**”). In addition, the Fund will seek opportunities to invest in companies that could benefit the greater economic development of the University start-up ecosystem. These opportunities may be located in the same state as the University or in other geographical locations. Certain other AVG Funds seek investments in companies associated with university networks of other select universities or have a specific focus, such as venture capital opportunities arising from start-ups that are raising their initial institutional capital, or another kind of focus such as on companies focused on women or social impact. The Fund may invest in any opportunity that the Manager determines is consistent with the Fund’s Investment Objective. Each AVG Fund in this Fund Family will be different from each other AVG Fund in this Fund Family (and from each of the other AVG Funds series), such as having materially different portfolio holdings, risk-reward profiles, investors, investment performance, and, in some cases, terms. An investor should not expect that the investment performance of one AVG Fund in this Fund Family will be similar to that of another.

This Memorandum describes the overall Fund Family offered pursuant to this Memorandum, but, in conjunction with reading this Memorandum, an investor must read and agree to the Series Supplement that relates to the Fund in which the investor is considering investing.

For its services, the Manager receives the Management Fee (as defined below) from each limited liability company member of a Fund (“**Member**”) as set out in the Series Supplement for the applicable Fund. So long as the Manager maintains sufficient reserves for the ongoing costs and expenses of operating the Fund, the entire amount of the Management Fee due for the term of the Fund will be charged to the Fund and paid to the Manager upon the issuance of Units.

The Fund, the Manager, or a related person may form a feeder fund to invest in the Fund. Such feeder fund may have the same or different terms from those of the Fund.

You are deciding whether to invest, indirectly through the Fund, in a diverse range of early, expansion, and late stage companies (each a “**Portfolio Company**”). The Fund, and not you, will own the interests in the Portfolio Companies and be able to exercise any rights relating to such

interests. Prior to subscribing to invest in the Fund, you should determine, without reliance upon the Manager or any of its affiliates (for purposes of this Memorandum, “affiliates” refers to the managers, employees, advisors, agents and other representatives of a person), the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of an investment in any Portfolio Company in which the Fund intends to make an investment. By accepting this Memorandum and subscribing, you acknowledge that (a) the Fund and the Manager and its affiliates are not in the business of providing (and you are not relying on them for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with your investment in the Fund, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice, and (d) if you are investing on behalf of an entity, you should apprise senior management in your organization as to the matters listed in (a) - (c) and this disclaimer as to these matters. You will not have a direct stake in any Portfolio Company or the ability to vote its shares, dispose of its shares, or otherwise act in a manner common to a beneficial owner of a security.

*The foregoing summary is qualified by the remainder of this Memorandum, the Operating Agreement, and the subscription agreement applicable to the Fund (“**Subscription Agreement**”).*

## INVESTMENT STRATEGY

### Investment Selection

**Overview.** The Fund intends to operate as a venture capital fund in seeking its Investment Objective and invest in Portfolio Companies. The Manager will seek, but is not required, to invest in companies having one or more University students, alumni, faculty or staff serve as founders, investors, directors, or in management leadership positions or where the company benefits the University or substantially leverages the assets of the university. In addition, the Fund will seek opportunities to invest in companies that could benefit the greater economic development of the University start-up ecosystem. These opportunities may be located in the same state as the University or in other geographical locations. The Fund may invest in such companies' equity or convertible debt securities, in agreements to receive securities in the future, or pursuant to other investment structures (collectively, "**Securities**").

Each AVG Fund presents a different risk-reward profile, based on its own specific portfolio, which varies from that of any other AVG Fund. The Fund will reflect the contemporaneous technological and other developments underlying the entrepreneurial markets at the time the Fund is launched and makes its investments, which affects the sectors and other attributes of the investments made by the Fund when investing, and makes it a distinctive investment opportunity. The investment process will generally include the identification, evaluation, documentation, and closing of the investment. The Fund will generally make investments in operating companies as a minority investor and therefore its ability to negotiate terms will be limited. The actual relative amounts ultimately invested by the Fund may vary significantly from the percentages anticipated, all at the sole discretion of the Manager with the advice of the Investment Committee (as defined below).

The Funds in this Fund Family may offer a series that admits only "accredited investors" at the same time as it may offer a series on substantially the same terms but that limits its beneficial owners to "qualified purchasers" as defined under the Investment Company Act. Such pairs of series intend to invest in substantially the same investment portfolio as each other. Only one AVG Fund in this Fund Family (or pair of series) is expected to be offered at any one time.

**Criteria.** The Manager is primarily responsible for identifying potential investments for AVG Funds, including the Fund. The Manager will leverage its research with information from other sources. The Manager has formed an investment committee (the "**Investment Committee**") that will (a) evaluate investments for fit against the Fund's Investment Objective as requested by the Manager, (b) recommend investments as requested by the Manager, and (c) monitor portfolio composition. The Investment Committee will not follow an identical process in all instances. The Manager, and not the Investment Committee, has the sole authority to make investment decisions. It is anticipated that the Investment Committee will have 6 to 12 members comprised of persons with substantial financial, venture capital, general business and/or entrepreneurial experience, some of whom will be from the University Network. The Fund's Investment Committee will convene as requested by the Manager. The initial members of the Investment Committee will be Michael Collins and Anton Simunovic, with additional members to be added at the sole discretion of the Manager. The Investment Committee will review and recommend the Securities to be acquired by the Fund based on its evaluation of potential Portfolio Companies and belief that the

Securities have a potential for capital appreciation. The Manager will make the final investment decision, then negotiate and consummate the acquisition of Securities recommended by the Investment Committee on terms that are not materially different from those presented to the Investment Committee.

In evaluating a potential investment, the Manager and Investment Committee will consider several factors, including the following:

- domain and entrepreneurial experience of the company's management team;
- products or services that provide innovative solutions or address unmet need in the market;
- potential market size and scalability of product or service;
- lead investors;
- credible and probable plan for growth and exit;
- valuations and terms;
- ties to the University Network; and
- potential risks.

The Manager will not necessarily consider every factor, will not apply any particular weighting to each factor, and may consider other factors in its sole discretion.

The Securities will be acquired directly from Portfolio Companies issuing the Securities or indirectly through the acquisition of interests such as (i) from other investors or (ii) in other pass-through pooled funds. For instance, the Fund may invest in another pooled investment fund to more efficiently obtain exposure to Portfolio Companies in the earliest stage of development (seed investments). Such a fund may be affiliated with the Fund or the Manager or it may not, but when it is affiliated, the Fund will not pay Management Fees or Promoted Interest to the affiliated fund. Securities may be acquired from Portfolio Companies that have an interest in the Manager or in which the Manager has an interest. The Manager intends to research and identify potential early, expansion, and later stage company investments continually and to select investments on a monthly or bi-monthly basis. The investment in any one Portfolio Company will not exceed 15% of the Fund's investment capital. The Manager anticipates the total number of investments will be between 20 and 30 per year. However, any number of investments in any period may be selected depending upon the perceived quality and appropriateness of the Securities for the Fund's portfolio. Although the Investment Committee will meet periodically, the Investment Committee may or may not recommend any investment to the Manager during any meeting. The Manager anticipates that the Fund will be fully invested within approximately one to four years after the Final Closing. The Investment Period (as defined in "Summary of Fund Terms and Operating Agreement") will terminate on the date that is 48 months after the commencement of the Investment Period or, if earlier, the date that the Manager declares that the Investment Period is



over. The Fund will return any funds that have not been invested, less Management Fees paid or to be paid and less reserves in the amount as determined by the Manager, promptly after the termination of the Investment Period. The Fund intends to invest its capital available for investment fully by termination of the Investment Period.

It is anticipated that the Fund will initially focus its direct investment considerations on investments made jointly with other venture capital investors that may provide more management guidance and influence over the Portfolio Companies. The Manager will place emphasis on the entrepreneurial experience, domain expertise, and communication skills, passion and intellect of the leadership teams of companies considered for investment. The Manager will also weigh heavily the quality of lead investors and the strengths that the lead investors may contribute to the Portfolio Company's potential for success. Many opportunities will be sourced by identifying private companies seeking capital through private placement memoranda. However, the Manager may make investments in Securities that are offered and sold in a general solicitation in reliance on Rule 506(c) under Reg D.

When evaluating investments, the Fund will consider the potential and likely means for achieving liquidity. Liquidity is expected to be achieved through an initial public offering, strategic or non-strategic sale, or merger or consolidation. Efforts will be made to identify likely exit strategies prior to completing investments.

## **Securities**

The Securities are not anticipated to be traded in any secondary market when acquired and there is no assurance that a secondary market will develop for any of the Securities. The Securities will be "restricted securities" as defined in Rule 144 as promulgated under the Securities Act. Securities that are restricted securities will be subject to holding periods and possibly other restrictions before they may be re-sold in the secondary markets. As a result, the Fund will not be able to readily liquidate the Securities even if such Securities are traded in an established market.

## **Management**

The Manager was organized under the laws of Massachusetts as a limited liability company for the principal purpose of identifying and making investments for funds in which private investors invest. The Manager will manage the Fund as outlined in the Operating Agreement. The Manager (and not the Investment Committee) has authority to make final investment and other specified decisions that will impact the overall performance and financial value of the Fund. The Manager will have exclusive responsibility and authority in all matters affecting the business of the Fund.

Following is information regarding certain of the principals of the Manager. The Managing Partner or Senior Partner in relation to the Fund will be identified to investors under separate cover.

**Michael Collins**, born in 1963, is a co-founder of the Manager and serves as its Lead Manager. Mr. Collins is an equity-holder, member of the Board of Managers, Chairman and Chief Executive Officer of the Manager. Mr. Collins also founded Big Idea Group, an innovation consulting and new venture incubator, in 2000 and presently serves as its Chief Executive Officer. Over the past 25 years, Mr. Collins has been involved at the executive level in numerous start-up

companies. These include Kid Galaxy, Big Idea Group, and RDM. Mr. Collins is also an active angel investor, holds several patents, and is the author of *The Million Dollar Idea in Everyone*. Mr. Collins graduated from Dartmouth College in 1986. He worked at the venture capital firm TA Associates in Boston from 1986-1990 and he graduated with an MBA from Harvard Business School in 1992.

**Anton Simunovic**, born in 1965, has 20+ years of technology experience as a proven venture capital investor, entrepreneur and operating executive in companies ranging in size from start-up to Fortune 10. Most recently, Anton founded and led Vener8 Technologies, a technology commercialization company he started with GE. Previously in his career, Anton led the Software and Internet Infrastructure Group at GE Equity where he directly invested \$72 million in 10 companies generating more than \$500 million of realized gains. Anton has substantial international experience in Canada, China, Europe and Israel, and has served on the board of directors of more than 20 private and public companies. Anton has a BSc. Engineering from Queen's University in Canada, and an MBA from Harvard Business School.

## THE OFFERING

### Offering

The Fund is offering (“**Offering**”) units of limited liability company interests (“**Units**”) only to “accredited investors” (as defined in Rule 501(a) of Regulation D) who will become Members of the Fund. The Manager may in its sole discretion impose an offering minimum amount, in an amount to be decided by the Manager in its sole discretion, of accepted subscriptions that would be required before the Fund will commence operations or before any investment may be made. The minimum and maximum investment amounts for the Fund are listed on the cover page of the Series Supplement, but the Manager may modify such minimum and maximum amounts in its sole discretion.

An investor may purchase Units under the terms of the Fund’s Subscription Agreement by tendering a fully completed and executed Subscription Agreement and making full payment (as defined below). An investor will be admitted as a Member only in the Manager’s sole discretion.

The Fund will have an Initial Closing (the “**Initial Closing**”), at which time the Fund will begin to accept tendered subscriptions and issue Units, subsequent closings, and a final closing (the “**Final Closing**”), at which time the Fund will cease to accept subscriptions, which shall be at a time of the Manager’s choosing in its sole discretion.

It is expected that subscriptions will be accumulated and accepted on a particular date, typically at month-end but the Manager may accumulate and accept subscriptions on any date of its choosing. All funds received prior to the Initial Closing will be held in a segregated account at a qualified bank or invested in Portfolio Companies.

The Manager or its affiliates may purchase Units in the Offering. To the extent the Manager purchases Units, the Manager will become a Member with respect to such Units. Units purchased by the Manager or any of its affiliates will count toward the number of Units sold. The Fund may issue fractional Units.

Units are offered subject to prior sale, withdrawal, cancellation, or modification of this Offering without notice, to acceptance of subscriptions by the Manager, to allocation of the Units among potential investors, and to other conditions described in this Memorandum. Subscriptions obtained in the Offering may be accepted or rejected in whole or in part by the Manager for any reason, and the Manager need not accept subscriptions in the order received. Except as required by certain state’s securities laws, subscriptions that are accepted by the Fund may not be withdrawn by any subscriber. The Offering is subject to prior sale, withdrawal, or modification as determined by the Manager in its sole discretion. The Offering may be terminated or extended at any time in the Manager’s discretion without notice.

### Plan of Distribution

The Offering is being made in reliance on an exemption from registration under the Securities Act as provided in Rule 506(c) of Reg D and Section 4(a)(2) of the Securities Act. Under Rule 506(c), the Manager is permitted to post the offering materials on its website. The Fund and the Manager have controls in place which are designed to ensure that in so posting the

offering materials, the specific conditions of Rule 506(c) are fully complied with. Specifically, only potential investors who have certified that they are accredited investors will have access to the offering materials. Investors who desire to become Members of the Fund must verify their accredited investor status as required by Rule 506(c) and Members may be requested to re-verify their accredited investor status throughout the period the Fund is acquiring Securities.

No commission or other compensation (except for the Management Fee and the Promoted Interest (as defined below)) will be paid to the Manager or its affiliates in connection with the sale of Units. The Manager will be responsible for all expenses incurred in connection with the organization of the Fund and this Offering, except for the Management Fee and Promoted Interest as noted in the preceding sentence.

The Fund may (but does not currently intend to) engage one or more persons to act as finders in the Offering; any finders' fees incurred in connection with the Offering will be paid by the Manager for the introduction. The Manager will not pay any "success fee" or other form of sales compensation to unregistered broker-dealers or agents.

The offering price for Units has been determined by the Manager, was not based on an arms-length negotiation, and is not necessarily indicative of the value of the Fund, the Units, or the Securities.

### **Offering Only Available to Accredited Investors**

The Units offered will be sold only to "accredited investors" as that term is defined in Rule 501(a) of Reg D promulgated under the Securities Act. To qualify, a purchaser must currently qualify under one of the categories of accredited investors. Additionally, the investor must: (a) accept the responsibility for conducting its own investigation and consulting with professional advisors, to the extent deemed necessary, to determine the risks associated with an investment in the Fund; (b) be able to bear a risk of loss and of holding an illiquid investment for an extended period of time; and (c) must cooperate with the Manager in verifying "accredited investor" status.

Accredited investors include, among others: (a) any natural person whose individual net worth, or joint net worth with that person's spousal equivalent, at the time of purchase exceeds \$1,000,000; or (b) any natural person who had individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spousal equivalent of \$300,000 in these years, and has a reasonable expectation of achieving the same income level in the current year. In computing an individual's net worth, the value of the individual's residence is not included as an asset, and any indebtedness on the residence in excess of its value is considered a liability of the individual.

Other categories of investors included within the definition of accredited investor include: (a) certain individuals who hold certain licenses in good standing; (b) certain "knowledgeable employees" (as defined in the Investment Company Act); (c) certain institutional investors, including certain banks and savings and loan associations, whether acting in their individual or fiduciary capacities; (d) any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended; (e) federally or state registered investment advisers; (f) investment advisers relying on an exemption from federal registration; (g) certain insurance

companies; (h) federally registered investment companies; (i) business development companies, as defined by the Investment Company Act; (j) Small Business Investment Companies licensed by the Small Business Administration; (k) certain rural business investment companies; (l) certain employee benefit plans; (m) private business development companies, as defined in the Advisers Act; (n) tax-exempt organizations, as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, with total assets in excess of \$5 million; (o) any business trust, corporation or partnership with total assets in excess of \$5 million not formed for the specific purpose of acquiring Units; (p) any entity in which all of the equity owners are accredited investors; (q) an entity, of a type not listed in (a) to (p), not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5 million; (r) certain “family offices,” as defined in Rule 202(a)(11)(G)-1 of the Advisers Act; and (s) certain “family clients,” as defined in Rule 202(a)(11)(G)-1 of the Advisers Act.

The Fund will require a potential investor to assist the Manager in verifying the facts necessary to establish that such person is an accredited investor. Each investor will be required to furnish such information as may be required to enable the Fund to make such determination. The Fund will refuse a subscription for Units if, in its sole discretion, it believes it is unable to verify that the prospective purchaser meets the applicable suitability requirements or that the Units are otherwise an inappropriate investment for the prospective purchaser. The Manager may also require a Member to re-certify that the Member qualifies as an accredited investor throughout the period the Fund is making investments in Securities.

Under the Operating Agreement, any Member that no longer qualifies as an accredited investor is required to give prompt notice to the Manager. In such event, the Manager will have the right to require the Member to withdraw from the Fund or to take other actions in accordance with the provisions of the Operating Agreement.

Comparable appropriateness standards will be imposed in connection with any resale of any Units. Any such resale is subject to various restrictions, as discussed in this Memorandum.

**Intended for Investors with Connection to the University.** The Fund intends for its investor base to have a direct connection with the University. Qualified investors, besides economic considerations, include University alumni, faculty, students and other friends of the community.

**European Investors; Other Jurisdictions.** Investors in the EU are expressly not solicited to invest in the Fund. No goods or services are intended to be offered into the EU. By investing, any investor represents that it was not solicited in the EU. This Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any state or other jurisdiction in which such offer or solicitation is unlawful or unauthorized.

## SUMMARY OF FUND TERMS AND OPERATING AGREEMENT

*The following information is presented as a summary of certain terms only and is qualified in its entirety by reference to the Operating Agreement, a copy of which is provided to each prospective investor, and the Tax and Regulatory Appendix which is incorporated by reference into and made part of this Memorandum. Prior to making any investment in the Fund, the Subscription Agreement and the Operating Agreement, including the Series Supplement which specifies certain terms particular to the Fund, should be reviewed carefully. In the event that the description of terms in this Summary of the Operating Agreement is inconsistent with or contrary to the description in, or terms of, the Operating Agreement or related documents, the terms of the Operating Agreement and the related documents will control. Capitalized terms used in this summary and not otherwise defined have the meanings given to them elsewhere in this Memorandum or in the Operating Agreement.*

**The Series Limited Liability Company; the Fund:**

Alumni Ventures Group Funds, LLC is a series LLC formed under the laws of the State of Delaware. The Fund is a newly formed series of AVG Funds. The Fund Family of which the Fund is a part is made up of multiple series of AVG Funds focused on the Investment Objective, as described in this Memorandum.

**The Manager:**

Alumni Ventures Group, LLC, a Massachusetts limited liability company. The Fund will be managed solely by the Manager. The Manager will manage the Fund with respect to its operations and investment strategy, as well as with respect to certain administrative and support services. No Member will have the authority to act for or bind the Fund.

**Compensation and Fees:**

The Management Fee is as set out in the Series Supplement for the Fund.

The Manager will be entitled to compensation (and the Manager may agree to compensate others from the Manager's resources) in connection with the Fund's operations without regard to the ultimate returns, if any, to Members. The Fund will charge each Member an amount equal to the percentage rate set out in the Series Supplement of each Member's gross cumulative Capital Contributions to the Fund ("**Capital Contributions**") per annum for the ten-year term of the Fund (the "**Management Fee**"). The Management Fee will be paid to the Manager as payment for services to the Fund and so long as sufficient reserves are maintained by the Manager for the ongoing costs and expenses of operating the Fund through the end of the ten-year term, the entire amount of the Management Fee due for the term of the Fund will be charged to the Fund and paid to the Manager upon the issuance of Units. The Manager will be responsible for all

organizational, offering and investment-related costs (other than the costs of investments and transaction fees) and expenses of the Fund.

The Management Fee is in addition to any Promoted Interest (as defined below), wherein the Manager also will participate in the distribution of profits from the Fund.

**Purpose:**

The Fund has been formed for the purpose of raising capital to acquire, hold, manage, sell, trade, and distribute Securities and expects the Securities to produce income and capital gains therefrom. The Securities may be issued by Portfolio Companies in a variety of industries and may be in the form of equity, debt, or other investment structures. The Portfolio Companies may have little or no current revenues or earnings. The Fund intends to operate as a “venture capital fund” as defined in Rule 203(l)-1 under the Advisors Act.

**Issuance and Price of Units:**

The Fund is authorized to issue any number of Units. The purchase price for each Unit is the same as the minimum investment size set out in the Series Supplement. The Units will be issued to persons whose subscriptions in this Offering are accepted by the Fund and paid in full. The Manager or its affiliates may purchase Units in the Offering and become a Member.

**Minimum/Maximum Investment:**

The minimum investment and maximum investment amounts that will be accepted from any Member are listed in the Series Supplement, but the Manager may modify such minimum and maximum amounts in its sole discretion. The Fund may issue fractional Units in the sole discretion of the Manager. The Offering is subject to prior sale, withdrawal, or modification as determined in the sole discretion of the Manager. The Offering may be terminated or extended at any time in the sole discretion of the Manager.

**Term:**

The Fund will terminate and its affairs will be wound up upon the earliest to occur of (1) the sale or disposition of all of the Securities, (2) the date which is 10 years from the Final Closing, unless extended by the Manager in its sole discretion, or (3) such earlier time as determined by the Manager in its sole discretion. The Manager, in its sole discretion, may extend the term as necessary to liquidate the Securities, but no Management Fee shall be incurred during such extended term. Upon termination, the Manager will liquidate the Fund’s assets, pay valid debts of and claims against the Fund, and distribute the assets of the Fund as provided in the Operating Agreement. The Fund may distribute Securities that it holds and has not sold or liquidated upon its termination to Members.

**Plan of Operation;  
Investment Committee:**

The Manager will identify investments and will make the final investment decision in its sole discretion. The Manager will form an

Investment Committee that will (a) evaluate investments for fit against the Fund's Investment Objective as requested by the Manager, (b) recommend investments as requested by the Manager, and (c) monitor portfolio composition. The initial members of the Investment Committee will be Michael Collins and Anton Simunovic, with additional members to be added at the sole discretion of the Manager.

The Fund may hold the Securities through its term, may liquidate the Securities and make distributions of the proceeds therefrom or may distribute Securities.

**Investment Period:**

The Fund will generally make its investments during the investment period (the "**Investment Period**"). The Investment Period will commence on the date following the Initial Closing Date that the Manager declares as the commencement of the Investment Period, which date shall be no later than the Final Closing. A Member who invests after the Fund has already disposed of an investment should not expect to participate in such investment. The Investment Period will end when the Fund has exhausted its capital, except as to reserves, but in no event will last more than 48 months after the Initial Closing. If, and only to the extent that, funds have been reserved for follow-on investments in existing Portfolio Companies (or as noted below), the Fund may hold onto such amounts pending investment. Except as described in the preceding sentence, after the end of the Investment Period, the Manager will have no authority to acquire any new Securities and the Manager's authority will be limited to holding, operating, managing and disposing of Securities acquired during the Investment Period and the winding up and dissolution of the Fund. The Manager may declare that the Investment Period ends at any earlier time in its sole discretion. Excepting any funds that have been reserved for follow-on investments in an existing Portfolio Company, other reserves, and Management Fees, the Fund will return any funds that have not been invested promptly after the termination of the Investment Period (but not the Management Fees with respect to such returned funds).

**Limitation of Liabilities:**

Members will not be liable for any debts or obligations of the Fund in excess of their agreed capital contributions to the Fund.

**Withdrawal Restrictions:**

Except as expressly set forth in the Operating Agreement, no Member will have the right to withdraw capital from the Fund. Members will only receive distributions or a return of Capital Contributions in accordance with the Operating Agreement.

**Co-investment Policy:**

The Manager may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Members. Such co-



investments may be made through a vehicle formed for that purpose or individually.

**Allocation of  
Investment  
Opportunities;  
Conflicts of Interest:**

The Manager is the manager of funds other than the Fund and is also the manager of various co-investment vehicles (collectively, “Clients”). The Manager’s other Clients may invest on a side-by-side basis with the Fund, the Fund may invest in Securities in which another Client has invested, or another Client may invest in an opportunity that may also be appropriate for the Fund. In addition, the Fund and other Clients may invest in Portfolio Companies based on rights to participate in the offering granted in connection with the Fund’s or other Clients’ prior investment in the Portfolio Company. Over time the Manager will allocate investment opportunities in a fair and equitable manner acting in the best interest of its Clients in the Manager’s sole discretion. The Manager will consider whether each selected investment is suitable for each Client based on criteria germane to such Client, which may include legal, tax, regulatory and others, such as the Client’s investment objectives, strategy and diversification goals.

**Resignation of  
Manager:**

The Manager may resign at any time by giving written notice to the Members and refunding any Management Fees drawn for subsequent periods, and may designate a replacement manager (“**Replacement Manager**”). If it does not designate a Replacement Manager, that number of AVG Funds members whose interests represent more than 50% of the aggregate percentages of all members of the AVG Funds will be entitled to elect a Replacement Manager.

**Amendments:**

The consent of the Manager and that number of AVG Funds Members whose interests represent more than 50% of the aggregate percentages of all Members of AVG Funds shall be required to (i) wind up AVG Funds, (ii) amend the AVG Funds Agreement (other than amendments that, in the opinion of the Manager, will not have a material adverse effect generally on the Members), and (iii) if required by applicable law, merge AVG Funds into another business entity.

The unanimous consent of all Members of AVG Funds is required to change the limited liability of the Members under Delaware law or terminate AVG Funds’ status as a partnership for Federal income tax purposes.

The consent of that number of Members of any particular series whose interests in that series represent more than 50% of the aggregate percentages of all Members of that series are required (i) if required by applicable law, to merge that series into any other business entity or (ii) to amend the series supplement for that series (other than amendments that, in the opinion of the Manager, will not have a

material adverse effect generally on the Members).

**Distributions:**

Investment proceeds available for distribution by the Fund (“**Investment Proceeds**”) will consist principally of net cash proceeds realized on Fund investments. The Fund may also make distributions of Securities.

Investment Proceeds, if distributable cash is available, will be paid to the Members until the Members have received an amount equal to the Members’ unreturned Capital Contributions and thereafter, the applicable percentage rate to the Members and to the Manager, respectively, as set out in the Series Supplement (the applicable rate to the Manager being the “**Promoted Interest**”).

The Fund may also make distributions of distributable cash to the Manager and the Members to pay tax obligations arising out of any income allocated to the Manager or the Members as an advance against distributions. Any such additional distributions to the Manager shall be netted against the payment of the Promoted Interest.

At any time, at the Manager’s election and sole discretion, the Manager or its designee shall be issued one (1) Class P Unit of the Fund, and the distributions for the Promoted Interest shall be paid as distributions to and on behalf of such Class P Unit. The holder of the Class P Unit shall have no other rights as a member and shall not be entitled to any other distributions. In addition, the Manager shall be permitted to form single purpose vehicles for any or all of the Fund’s investments, and in each such vehicle, issue an equity profits interest to the Manager so long as such profits interests only distribute cash that the Manager would otherwise receive as its Promoted Interest in the Fund.

**Loss of Accredited Investor Status:**

The Fund only intends to offer and sell Units to “accredited investors” as defined in Reg D under the Securities Act.

Until all investments in the Portfolio Companies have been made by the Fund, each Member must continue to qualify as an “accredited investor” as defined in Reg D under the Securities Act. In the event a Member fails to qualify, it must give prompt written notice to the Manager.

At any time prior to the expiration of the Investment Period, in the event a Member fails to qualify as an accredited investor, the Member will not participate in any investment in Securities acquired thereafter. The Manager may also cause the Member to withdraw from the Fund or take other actions with respect to such Member as provided in the Operating Agreement.

<b>Mandatory Withdrawal or Reduction of Commitment:</b>	The Manager may, in its sole discretion, cause a complete or partial withdrawal of a Member's interest in the Fund by giving notice to the Member if the Manager determines or has reason to believe that a Member has committed certain acts or the continued ownership by the Member would subject the Fund or the Manager to adverse consequences as outlined in the Operating Agreement. In that circumstance the Manager may, in its sole discretion: offer such Member's interest in the Fund to other Members, return such Member's uninvested Capital Contributions (subject to reserves determined by the Manager, adjusted as to any fees) and permit the Member to participate only in the proceeds of investments made while it was an accredited investor, liquidate such Member's interest, or take other actions as provided in the Operating Agreement.
<b>Avoidance of Investment Company Act Status:</b>	The Fund will limit the number of purchasers of Units so that it will not be subject to the registration requirements of the Investment Company Act pursuant to Investment Company Act section 3(c)(1) or 3(c)(7). Any Member that acquires 10% or more of the Fund's total Units will be required to furnish supplemental information to the Manager to enable the Fund to review compliance with the Investment Company Act. If the Fund does not meet the standards for the exemption, the Fund will manage its cash and investments so that it does not become subject to registration under the Investment Company Act. However, if it becomes necessary, the Fund may return a pro rata portion of each Member's Capital Contribution or take other measures the Manager deems necessary in its sole discretion. See the " <i>Tax and Regulatory Appendix</i> ."
<b>Transfer Restrictions:</b>	Members are only permitted to sell, hypothecate, pledge, assign or otherwise transfer any part or all of their Units as outlined in the Operating Agreement. The Manager will not consent to any transfer of Units that could cause the Fund to terminate as a "partnership" for federal income tax purposes or to lose its exemption under the Investment Company Act, and may require an opinion of counsel in connection with any transfer.
<b>Exculpation and Indemnification:</b>	None of the Manager, its affiliates or Investment Committee members will be liable to the Fund or any Member for any act or omission to act that does not constitute gross negligence or a willful violation of law. AVG Funds (to the extent of its assets) and each series shall indemnify and hold harmless the Manager, its affiliates and Investment Committee members for any act or omission not resulting from gross negligence or a willful violation of law by the indemnified person, <i>provided however</i> , that to the extent that the indemnification obligation relates to a particular series, such obligation shall be enforceable

against the assets of such series only and not against any other assets of AVG Funds generally or any other series.

Appropriate reserves may be created, accrued and charged against the Fund for contingent liabilities (including contingent liabilities arising out of the Fund's indemnification obligations) as of the dates the Manager becomes aware of any such contingent liabilities. Such reserves will be in such amounts as the Manager in its sole discretion deems necessary or appropriate. The Manager may increase or reduce any such reserve from time to time in its sole discretion.

**Income Tax  
Considerations:**

The Fund anticipates that it will be treated as a partnership for income tax purposes. As a partnership, the Fund will allocate items of income, gains, losses, and expenses among the Manager and the Members in accordance with the terms of the Operating Agreement.

Distributions and allocations of profits and losses will be on a pro-rata basis as if each Member was a Member on the commencement of the Investment Period regardless of when it subscribed to the Fund.

**ERISA and IRAs**

Under the Employment Retirement Income Security Act of 1974, as amended ("**ERISA**"), trustees and other parties-in-interest of benefit plans are subject to special standards. Certain other tax-exempt investors, such as individual retirement accounts, are also subject to special rules that may affect their status and exemption from taxation. Any such investors should consult their own counsel before making any investment in the Fund. See the "*Tax and Regulatory Appendix.*"

**Reports to Members:**

The Fund intends to provide an annual report to each Member within 120 days following the close of the Fund's fiscal year. Within 90 days after the end of each fiscal year of the Fund, or such other reasonable time, the Manager will distribute to the Members such information as is necessary for the preparation of their federal and state income tax returns on Schedule K-1.

**Fiscal Year:**

The fiscal and tax year of the Fund will end on December 31 of each year.

**Counsel:**

In entering into the Operating Agreement, each Member is required to acknowledge that it has had an opportunity to consult with counsel of its choice regarding the terms of this Offering and the holding of Units. Further, each Member is required to acknowledge that the Manager's counsel has represented the Manager and the Fund with respect to the Offering, that such counsel may represent the Manager and/or the Fund in the future, that such counsel does not represent the Members and

that each Member waives any conflict of interest that may result from such representation.

## RISK FACTORS AND INVESTMENT CONSIDERATIONS

*The purchase of Units is highly speculative and involves significant risks. The Units should not be purchased by any person who cannot afford the loss of their entire investment. The Investment Objective of the Fund is also highly speculative. Holders of Units may be unable to realize a substantial return on their investment in the Units, or any return whatsoever, and may lose their entire investment. For this reason, each prospective purchaser of Units should read this Memorandum, the Operating Agreement (including the Series Supplement of the Fund) and the Subscription Agreement carefully and consult with their attorney and business and/or investment advisor. In addition to the factors set forth elsewhere in this Memorandum, prospective purchasers of the Units should specifically consider the following risks, the Fund's investment strategy, and other factors before making a decision to purchase Units.*

### Investment Strategy Risk Considerations

**Operating History of the Fund.** The Fund does not have any significant business history or operating experience that investors can analyze to aid them in making an informed judgment as to the merits of an investment in the Fund. There can be no assurance that the Fund will be able to generate revenues, gains or income, or, even if it generates revenues, gains or income, that its investments will be profitable. Any investment in the Fund should be considered a high-risk investment because investors will be placing their funds at risk in an unseasoned start-up investment vehicle with the attendant unforeseen costs, expenses, and problems to which a new business is often subject.

**Risks Inherent in Investment Strategy.** The Fund has been newly organized to acquire Securities. The Securities will be highly speculative. The composition and terms of the Securities, as well as the Portfolio Companies or other funds issuing such Securities, has not been determined, and will be influenced by various factors, including the availability and pricing of the Securities, the expected growth potential of the Portfolio Companies, and the availability of Fund capital allocated to purchase such Securities.

The Fund's strategy is to rely on information provided by potential Portfolio Companies and on the Manager's independent research and judgment. The success of the Fund will be dependent, in part, upon the judgment and ability of the Manager (in its role as Manager and manager of other AVG Funds) to recommend Securities that meet the investment goals of the Fund, of the Manager to negotiate and consummate the acquisition of Securities, and the role of the Investment Committee in evaluating if investments meet the Fund's Investment Objective. The Manager and Investment Committee will not have the resources to undertake extensive due diligence with respect to an investment in Securities and will be relying upon information provided by Portfolio Companies with respect to direct investments or the judgment of managers of other investment funds in which or alongside which the Fund may invest with respect to indirect investments or co-investments. No assurance can be given that information provided by third parties will be accurate or that the Fund's investment strategy will be successfully implemented.

**Investments in Reliance on Rule 506(c) of Regulation D.** The Fund may acquire one or more Securities in transactions involving a general solicitation. The offering entities of these Securities may charge certain fees and expenses, including a portion of the amount invested from

each investor and a portion of the proceeds when the investment has a liquidity event. Issuers are in the early stage of utilizing Rule 506(c) and the risks inherent in purchasing Securities in this manner may not be fully understood. If an issuer admits even one investor who is not accredited, it would be likely to have a material adverse effect on such issuer. See “Investment Strategy Risk Considerations - *Registration Exemptions Risk; Regulatory Risk.*”

Further, the SEC has adopted regulations under which crowdfunding may be used by small issuers to seek funding from non-accredited as well as accredited investors. Consistent with those regulations, the Fund may locate and acquire Securities through registered funding portals as well. In compliance with the specific conditions of Rule 506(c), however, the Fund will only be offered to accredited investors whose status as such can be verified as required by the specific conditions set forth in Rule 506(c).

**Dependence on the Manager and Investment Committee.** Under the Operating Agreement, the Members will have no right or power to take part in the management of the Fund. The Manager will act as Manager of the Fund and will have the right to make all decisions with respect to the management of the Fund, and the Investment Committee will provide input with respect to recommending Securities to be acquired by the Fund. Accordingly, no person should purchase Units unless such person is willing to entrust all aspects of the management of the Fund (including the selection of all investments, and the timing and terms of all dispositions) to the Manager and the Investment Committee.

Because the Fund will be managed exclusively by the Manager, the operation and potential success of the Fund might be adversely affected by the incapacity, death, or unavailability of key personnel of the Manager (including those listed under “*Investment Strategy - Management*”). The Manager intends to serve as the manager of other unrelated investment vehicles and may engage in other substantial activities, including the establishment and operation of other investment vehicles similar or identical to the Fund, which will be in direct competition with the Fund. In addition, key personnel of the Manager are and will be engaged in substantial business activities apart from the Fund. The Manager, the key personnel and their affiliates will devote only so much of their time to the business and affairs of the Fund as is reasonably required in their judgment. The Manager and its key personnel will have conflicts of interest in allocating management time, services, functions, and available investments among the Fund and any other investment vehicles that they may organize or operate in the future as well as any other business ventures in which they are or may become involved. The Manager, however, believes that it and such personnel will have sufficient time to discharge fully their responsibilities to the Fund and to other business activities (including other investment vehicles) in which they are or may become involved. The Manager may engage various additional personnel in the future as the activities of the Fund and other business operations of the Manager warrant. To the extent that such personnel have not been selected at this time, the Members will have no opportunity to evaluate the experience or other criteria of any such persons that may be engaged in the future.

**Substantial Fees Will Cause Losses Unless Offset by Profits.** The Fund is subject to substantial fees (the Management Fee) which the Manager may keep irrespective of profitability. This fee must be offset by profits on income generated from Securities or sales of Securities to avoid losses. Furthermore, any profits earned by the Fund will be subject to the Promoted Interest from which the Manager or its affiliates will benefit.

**Limited Assets of the Fund.** The ability of the Fund to pursue its Investment Objective will initially depend upon the success of this Offering. There can be no assurances that the Manager will be able to secure investment capital in amounts sufficient to provide the Fund with enough capital to enable it to meet its Investment Objective. While the Fund intends to invest in a diversified portfolio of Securities even if only a minimal amount is raised, the Fund may not be able to meet this objective or may not be able to invest in some Securities due to it not being able to meet minimum investment requirements.

**Unspecified Investments.** The business of identifying and implementing investments in Portfolio Companies involves a high degree of uncertainty. While the Manager and Investment Committee are aware of several potential investment opportunities for the Fund, there are no commitments for the Fund to invest in any of these opportunities. Accordingly, Members will need to rely upon the ability of the Manager and Investment Committee to identify and implement investments in Securities consistent with the Fund's Investment Objective. There can be no assurance that the Manager or Investment Committee will either identify or consummate profitable investments for the Fund.

**Time Required to Maturity of Investment.** It is anticipated that a period of time will be required for the Manager to identify, and the Investment Committee to recommend, acceptable investment opportunities sufficient to fully invest the capital received by the Fund. It is also anticipated that the Fund will be required to hold its Securities for a significant period of time in order to achieve its Investment Objective. The Securities will be comprised primarily of "restricted securities" and the Fund will not be able to readily liquidate such Securities. As a result, a substantial period of time may pass before the Fund is able to realize its Investment Objective, if at all. There can be no assurance that the Fund will realize any gains from its investments or that Members will receive a return on their investments.

**Nature of Investments.** Investments in start-ups and emerging companies are highly speculative. The Portfolio Companies may require several years of operations prior to achieving profitability, and may never achieve profitability. The Securities will be illiquid and may not have realizable value for several years, if ever. The Securities acquired by the Fund may be subordinated or junior in right of payment to senior or secured debt or other equity holders. In the event a Portfolio Company cannot generate adequate cash flow to meet debt service, all or part of the principal of such company's debt may not be repaid and, in such event, the value of the Securities could be reduced or eliminated through foreclosure on the Portfolio Company's assets or the Portfolio Company's reorganization or bankruptcy. Due to the level of leverage instituted by a Portfolio Company, other general business risks, such as labor problems, casualty losses, increases in operating expenses, disputes with suppliers or customers, acceptability of a Portfolio Company's products in the market, and other problems that require additional resources may have a more aggravated effect.

**Portfolio Company Risks.** Although the Fund's investments may offer the opportunity for significant gains, such investments will involve a high degree of business and financial risk that can result in substantial losses. These risks include the risks associated with investment in companies in an early stage of development or with limited operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies that need substantial additional capital to support expansion or to achieve or maintain a competitive



position. Such companies may face intense competition, including competition from companies with greater financial resources; more extensive development, manufacturing, marketing, and service capabilities; and a larger number of qualified managerial and technical personnel. The Fund may take significant positions in Portfolio Companies in rapidly changing fields, which may face special risks of product obsolescence.

Although it is intended that the Manager will attempt to invest the capital of the Fund in Portfolio Companies that it believes to have talented management, no assurance can be given that such management, or any new management, will operate a Portfolio Company successfully. To the extent the Manager determines to invest in investment funds similar to the Fund, the Fund will be entirely dependent upon the managers of such funds to make investment decisions regarding investments in Portfolio Companies. Although the Manager will monitor the performance of each investment of the Fund, existing management of the Portfolio Companies and managers of funds in which the Fund may invest will have ultimate responsibility for the management of such companies.

The success of any Portfolio Company is likely to depend on adequate marketing and support resources, both of which are very difficult to predict accurately. There can be no assurance that the marketing efforts of any particular Portfolio Company will be successful or that the products or services of a particular Portfolio Company can be sold at a price or in volume that will be profitable. High-technology products and services often have a limited market or time-span. No assurance can be given that the products or services of any particular Portfolio Company will not become obsolete or require significantly more capital to obtain or maintain an adequate market share.

The Fund expects that most Portfolio Companies will require additional capital, the amount of which will depend upon the maturity and objectives of the particular Portfolio Company. It is anticipated that each round of funding will provide a Portfolio Company with enough capital to reach the next major valuation milestone. If the capital provided is insufficient, or for other reasons, the Portfolio Company may be unable to raise the additional capital or may have to do so at a price unfavorable to the prior investors including the Fund. The availability of capital also is a function of capital market conditions that are beyond the control of the Fund or any Portfolio Company. There can be no assurance that the Manager or the Portfolio Companies will be able to predict accurately the future capital requirements necessary for success or that any additional funds will be available from any source.

**Timing of Investments.** Although the Fund will seek to invest in Securities as promptly as possible, it is anticipated that there may be a significant period of time before the Fund has completed the initial selection of investments in Securities. Further, even after a Security is selected, the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments may require substantial additional time, effort, and attention on the part of the Manager and Investment Committee, as well as substantial costs for attorneys, accountants, and others. The time that these subsequent steps will take and the associated costs also cannot be predicted. If a decision is made not to participate in a specific investment, the costs incurred related to the investigation of such investment might not be recoverable. The Fund may hold a significant portion of its assets in temporary investments, such as cash sweeps or other bank-sponsored vehicles, until satisfactory investment opportunities are available, identified or consummated.

**Limitations on Liquidity of Investments; Effect on Value.** It is anticipated that a substantial portion of the Fund's investments will consist of Securities that are subject to restrictions on sale by the Fund because they were acquired from the issuer or a third party in "private placement" transactions or because the Fund is deemed to be an affiliate of the issuer under applicable law. Generally, the Fund will not be able to sell these Securities publicly without the expense and time required to register the Securities under the Securities Act, or may only be able to sell (or may choose to sell) the Securities under Rule 144 or other rules under the Securities Act, which permit only limited sales under specified conditions. When restricted securities are sold to the public, the Fund may be deemed an "underwriter," or possibly a controlling person, with respect to such Portfolio Company for the purpose of the Securities Act and be subject to liability as such under the Securities Act. The Manager does not anticipate that it will be able to negotiate registration rights with respect to Securities. Even if such rights are negotiated, the Fund may be required to pay legal and other expenses associated with any registration or that the Portfolio Companies in which investments are made will comply with their obligation to register the Fund's Securities for sale. There can be no assurance that any public or private offering of a Portfolio Company's Securities will be consummated or that any other financing will be obtained by a Portfolio Company. Failure to obtain any such additional financing would limit a Portfolio Company's ability to repay bridge loans, if any, and limit the liquidity of the Fund's equity participation.

Practical and contractual limitations may inhibit the Fund's ability to sell or distribute its portfolio Securities if the Portfolio Companies issuing the Securities are privately held, the Fund owns a relatively large percentage of a particular Portfolio Company's outstanding securities, or customers, joint venture associates, other investors, financial institutions, or management are relying on the Fund's continued investment. Sales may also be limited by securities market conditions, which may be unfavorable for sales of Securities in general, or of particular issues or issuers in particular industries. The limitations on liquidity of the Fund's Securities could prevent a successful sale of such Securities, result in delay of any sale or reduce the amount of proceeds that might otherwise be realized.

**Investments in Relation to the Investment Objective.** Investing in a subset of venture investments may increase risk by concentrating investments within a particular sector or investing philosophy. There can be no assurance that a focus on the Fund's Investment Objective will be favorable from an economic standpoint. It is possible that a Portfolio Company will change the nature of its business in a manner inconsistent with the Fund's Investment Objective following an investment by the Fund in the Portfolio Company, in which case the Fund will continue to have exposure to its investment in the Portfolio Company.

**Competition for Investments.** The Fund expects to encounter competition in acquiring Securities with other persons or entities having investment objectives similar to the Fund's Investment Objective. Competitors include business development companies, investment partnerships and corporations, venture capital companies, banks and investment bankers, large industrial and financial companies investing directly or through affiliates, and individuals. Some of these competitors may have more experience with investments similar to those of the Fund and greater financial resources and more personnel than the Manager. The Fund may also compete with other similar investment funds organized by the Manager or with affiliates of the Manager for allocation of available investments. There is no assurance that the number of companies

seeking equity or debt investments will not decrease, thereby reducing the number of available investments. To the extent competition for investments increases or the number of investment opportunities decreases, the return available to investors, such as the Fund, may decrease. In addition, affiliates of the Manager may themselves invest in Securities that may be suitable investments for the Fund, which may eliminate or decrease the availability of such investment to the Fund.

**Lack of Diversity of Investments.** The Fund's capital will, by virtue of the relatively small capital available for investment, be invested in a limited number of Portfolio Companies. While the Fund may diversify to a limited extent by investing in funds similar to the Fund, there is no assurance that any such investment will be attractive or will be made. If only a minimal amount is raised, the Fund will only have funds sufficient to invest in a limited number of Portfolio Companies. Financial difficulty on the part of any single Portfolio Company would expose the Fund to a greater risk of loss than would be the case if it were a "diversified" fund holding a significant number of investments.

**Distributions of Securities in Kind.** The Fund may distribute its Securities in kind to the Members. No distributions will be made in kind, however, unless the Manager determines that it is in the best interests of the Fund to make the distribution. If Securities are distributed in kind, then Members may be required to pay brokerage and other selling expenses in order to dispose of such Securities. Members generally will not incur tax liability when they receive equity Securities distributed in kind; such liability will be deferred until the Members later dispose of such Securities in a taxable transaction. Securities distributed in kind may be unregistered and illiquid, subject to restrictions on further transfer, sale or disposition. Upon such distribution, Members are advised to obtain their own tax advice at their own expense, as the Manager cannot provide tax advice to the Members.

**Investment Valuation Determined by the Manager.** The Manager will be responsible for the valuation of the Fund's investments in its Portfolio Companies that are not listed or otherwise traded in an active market. There is a wide range of values that are reasonable for an investment at a given time and, ultimately, the determination of fair value involves subjective judgment not capable of substantiation by auditing standards. In some instances, it may not be possible to substantiate by auditing standards the value of the Fund's investment in a Portfolio Company. In connection with any future in-kind distributions that the Fund may make, the value of the Securities received by investors as determined by the Manager may not be the actual value that the investors would be able to obtain even if they sought to sell such Securities immediately after an in-kind distribution. In addition, the value of an in-kind distribution may decrease or increase significantly subsequent to the distributee's receipt thereof, despite the accuracy of the Manager's evaluation.

**Registration Exemptions Risk; Regulatory Risk.** The Units have not been registered under the Securities Act or the securities laws of the jurisdictions in which they are proposed to be offered and sold in reliance on Rule 506(c) of Reg D and Section 4(a)(2) of the Securities Act. These claimed exemptions from federal registration are complex and require strict compliance with certain specific conditions. In particular, Rule 506(c) sets forth specific conditions on the public offering of unregistered securities, namely that the securities sold in such offerings be made only to accredited investors whose status as such can be verified. The Fund and the Manager have

controls in place that are designed to ensure that offerings of the Fund are made only in compliance with the specific conditions of Rule 506(c). However, it may be difficult for the Manager and/or the Fund to ensure that such controls are adhered to in every instance. Complicating factors, such as the potential for purchasers to provide misleading information regarding their accredited investor status, may arise.

The Fund's failure to fully comply with Rule 506(c) could jeopardize its private offering status under the Securities Act. Should the Fund fail to satisfy the conditions of Rule 506(c), even inadvertently, it would be prohibited from relying on the exemptions from registration that would otherwise be available under Section 4(a)(2) and Rule 506(b) under Reg D. This could result in the Fund being required to suspend its Offering and operations for an indefinite period of time, which could potentially result in substantial costs to Members, as well as other adverse effects.

In addition, exemption from securities registration under state laws frequently depends upon the availability of exemptions from federal registration. If the Fund's ability to rely on Rule 506(c) for its private offering status is compromised, the Fund's ability to avoid registration in certain states may also be jeopardized. This could potentially result in substantial costs and losses to Members. If for any reason the Fund or the Manager is subject to civil liability, or the legal expense of defending an action or proceeding challenging the availability to the Fund or the Manager of such exemptions, the Fund and its Members could be materially and adversely affected.

The Fund and the Manager believe that the potential impact of the registration exemption risk faced by the Fund is mitigated by their controls that are designed to ensure that offerings of the Fund are made only in compliance with the specific conditions of Rule 506(c). Such controls might include the utilization of a third-party vendor with expertise in verification of accredited investor status.

The Fund may become subject to various current and future laws and regulations from time to time, including ERISA, if the Fund's circumstances change or if laws and regulations evolve. The expenses, liabilities and substantive or technical effects of laws and regulations could have a material adverse effect on the Fund, even if it remains in compliance.

### **Unit Ownership Risk Considerations**

**Lack of Diversification.** The Fund has a limited investment strategy that is to acquire and hold Securities in Portfolio Companies or in funds that invest in Portfolio Companies. The Fund will only hold a limited number of Securities, and its investments will be highly concentrated. As a result, the Fund's assets may be subject to greater risks of loss than if the Fund invested in multiple other securities or strategies.

**Timing of Distributions.** Holders of Units are entitled to distributions when made in the discretion of the Manager. Funds will only be available for distribution when Securities are sold or when distributions of funds are made by Portfolio Companies with respect to any Securities. The time that distributions are actually made will be solely dependent upon the timing of realization of proceeds from the Securities and the determination of the Manager to distribute any such funds. Members must be aware that, if they do not promptly deposit distribution checks,

under state law such amounts could eventually become state property under state escheatment laws or otherwise be considered abandoned, in which case a Member may no longer have the ability to access such amounts.

**No Market for Units.** No market for the Units exists, and it is not anticipated that one will develop. The Units are not redeemable or transferable except as outlined in the Operating Agreement. Purchasers of the Units will be required to bear the economic risk of their investment for an indefinite period of time. The Units are not registered under the Securities Act or applicable state securities laws and may not be re-sold unless they are subsequently registered or an exemption from registration is available. Investors have no right to require, and the Fund has no intention of effecting, such registration. Consequently, an investor may not be able to liquidate an investment in the Units, and a bank may be unwilling to accept the Units as collateral for a loan. The Units will not be readily marketable, and purchasers thereof may not be able to liquidate their investments in the event of an emergency.

**Potential Conflicts of Interest.** The Manager, Investment Committee and their respective affiliates may face various conflicts of interest in connection with their respective relationships and transactions with the Fund. The Manager is the manager of other Clients such as funds other than the Fund and co-investment vehicles. The Manager's other Clients may invest on a side-by-side basis with the Fund, the Fund may invest in Securities in which another Client has invested, or another Client may invest in an opportunity that may also be appropriate for the Fund. The Manager and its affiliates currently have other investments that may compete directly with the Fund for investment opportunities and the Manager intends to organize and manage additional entities similar to the Fund. In addition, the Fund and other Clients may seek to invest in Portfolio Companies based on rights to participate granted in connection with the Fund's or other Clients' prior investment in the Portfolio Company. Over time the Manager will allocate investment opportunities in a fair and equitable manner acting in the best interest of its Clients as determined by the Manager's sole discretion. The Manager will consider whether each selected investment is suitable for each Client based on criteria germane to that Client, which may include legal, tax, regulatory and other criteria, such as the Client's investment objectives, strategy, and diversification requirements and available cash to invest. The Manager and its affiliates will not be prohibited from making additional investments or participating in business ventures outside of and independent of the Fund. In addition, the Manager and its affiliates may receive fees for the performance of various services for Portfolio Companies, and for other companies unrelated to the Fund. Such fees would be in addition to compensation paid to the Manager and its affiliates by the Fund, and would not be shared with the Fund. The Manager and its affiliates may invest in the Portfolio Companies or any other investment identified by the Manager or may have pre-existing investments in the Portfolio Companies.

The Fund may be offered alongside another series where one series admits "accredited investors" who are not necessarily "qualified purchasers," as defined under the Investment Company Act, at the same time as another series is offered on substantially the same terms but limits its beneficial owners to "qualified purchasers." Such pairs of series intend to invest in substantially the same investment portfolio as each other. In the event identical positions may not be taken, such as because a position may not be evenly split or because one fund has cash or available capital to call and the other does not, the Manager will endeavor to cause both funds to have equitable allocations of investment opportunities over time.

**Co-Investment with Members.** The Manager may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Members. Such co-investments may be made through a vehicle formed for that purpose or individually. The allocation of co-investment opportunities could be made to one or more persons for any number of reasons, which may not be in the best interests of the Fund or any individual Member.

**Co-Investment with Third Parties.** The Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved including the possibility that a third party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the Investment Objective of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

**Certain Regulatory Matters.** The Fund is not, and does not propose in the future to be, registered as an investment company under the Investment Company Act. The Manager is not, and does not in the future propose to be, registered as an investment adviser under the Advisers Act or any state securities law, in reliance on exemptions from those requirements. The Units will be sold in reliance upon certain exemptions from registration under the Securities Act and state securities laws.

**Limitations on Transfer, Pledge, Mortgage, or Encumbrance.** No Member will be permitted to transfer, pledge, mortgage, or encumber any Units except as outlined in the Operating Agreement. Such consent may be withheld in the sole discretion of the Manager. The Manager will not permit a transfer that will cause a termination of the Fund as a partnership for federal income tax purposes, is not appropriate under applicable securities laws or otherwise adversely impact the Fund. The Manager will also not permit any transfer that would cause the Fund to lose its exemption under the Investment Company Act. The Manager may require an opinion of legal counsel to be obtained by a holder of Units in connection with any such transfer.

**Possible Loss of Limited Liability.** Members of limited liability companies, such as the Fund, are generally not liable for debts of the Fund, except to the extent of personal guarantees of such debt. However, the law relating to limited liability companies is developing and there can be no assurance that the limited liability of Members of the Fund will be respected under all circumstances.

**Risks Related to Series Limited Liability Companies.** The Fund has been formed as a series of AVG Funds. A Delaware series limited liability company can create separate series under one limited liability company umbrella, with each such series owning its own assets and incurring its own liabilities. Each series limited liability company can be managed by distinct managers and have different members. Over time new funds will be created and added as new series of AVG Funds. The Manager believes that the series limited liability company form offers savings and benefits for all of the series limited liability companies formed under AVG Funds. However, the series limited liability company concept with its legal separation of assets and liabilities under a single entity, while becoming more common, has not been broadly tested in any court. In particular, the lack of precedent in federal bankruptcy court is a significant source of uncertainty. Although the Manager intends to operate AVG Funds in a manner intended to minimize the

chances of one series being held liable for liabilities of the entity as a whole or of another series, there is no assurance that the assets of the Fund will be segregated from the liabilities of AVG Funds or one of its other series.

**Indemnification.** The Operating Agreement includes indemnification of the Manager, its affiliates and the members of the Investment Committee to the fullest extent provided under applicable law. Generally, the Manager, its affiliates and the members of the Investment Committee will not be liable to the Fund or the Members for errors in judgment or other acts or omissions in connection with the business of the Fund. To the extent that the indemnification provisions of the Operating Agreement are invoked, the assets of the Fund would be reduced.

**Lack of Separate Counsel.** The Fund has not been independently represented in connection with this Offering. The Manager and the Fund are represented by the same law firm with respect to this Offering and the Manager and its affiliates may be represented by this law firm with respect to other offerings and other matters. No independent legal due diligence has been conducted by the Fund on behalf of any investors with respect to this Offering. Investors are encouraged to engage independent legal counsel at their expense to advise them with respect to this Offering.

**The Price at Which the Fund Is Selling the Units Is Arbitrary.** The offering price of the Units has been arbitrarily determined by the Manager based primarily upon the amount of funds desired to purchase Securities. The offering price of the Units is likely to be higher than the amount the Members would receive per Unit if the Fund were to liquidate at any time because of the upfront Management Fees paid or payable to the Manager upon the issuance of Units for the ten-year term of the Fund. The offering price of the Units is not necessarily indicative of the value of the Fund, the Units, or the Securities. The Fund cannot assure that any Unit, if transferable, could be sold for the offering price or for any amount.

**Ability to Participate in Investments Dependent upon Status as an Accredited Investor; Intended for Persons with Connections to the University.** The acquisition of Securities by the Fund will generally be dependent upon the status of all Members as “accredited investors” as that term is defined in Rule 501 of Reg D promulgated under the Securities Act. The Units are being offered solely to accredited investors. If at any time a Member ceases to be an accredited investor, the Member will be required under the terms of the Operating Agreement to immediately report to the Fund the Member’s change in status. Additionally, the Manager, as Manager of the Fund, may require each Member to certify from time to time that such Member remains an accredited investor. If a Member fails to maintain its status as an accredited investor during the term that the Fund is making investments, the Member will not be able to participate in investments made by the Fund after the Member no longer qualifies as an accredited investor. In such a case, the Manager may require the Member to withdraw from the Fund or take other actions with respect to the Member’s interest as provided in the Operating Agreement. In addition, the Fund intends for its investor base to have connections with the University because, besides economic considerations, an investor with University connections may consider himself or herself to benefit from understanding that the Fund’s investments generally have a connection with the University. For that reason, investors who have no connection with the University should take additional care in determining whether the Units are a suitable investment.

**Category of the AVG Funds.** The Fund is one of several in its particular Fund Family of AVG Funds. The Fund intends to focus on matters important within that Fund Family because, besides economic considerations, an investor who wishes to support that Fund Family or otherwise has a preference for such Fund Family may consider himself or herself to benefit from understanding that the Fund's investments generally have a connection with such Fund Family.

### **Income Tax Risk Considerations**

A discussion of certain United States federal income tax consequences of holding Units is provided in the Regulatory and Tax Appendix. That discussion is provided solely to describe the anticipated United States federal income tax consequences. The Fund and Members are subject to current tax laws and further changes in the tax laws that may result through future legislative action, judicial decisions, or administrative interpretations. Numerous changes in the federal tax law have increased the tax risks associated with an investment in the Fund.

### **Compensation to Manager and Its Affiliates**

The Manager and its affiliates will receive substantial compensation with respect to the organization and operation of the Fund without regard to the ultimate return, if any, to the Members. The Manager will also participate in any profits generated by the Fund. The forms of compensation include:

**Management Fee.** As set out in the Series Supplement, the Fund will charge each Member a Management Fee. The Management Fee will be paid to the Manager as payment for services to the Fund and may be paid by the Fund from time to time at the Manager's sole discretion, so long as sufficient reserves are maintained by the Manager for the ongoing costs and expenses of operating the Fund. The entire amount of the Management Fee due for the term of the Fund will be charged to the Fund and paid to the Manager upon the issuance of Units.

**Promoted Interest.** Under the terms of the Operating Agreement, the Manager will be entitled to receive distributions out of all distributions made in excess of the aggregate amount of Members' Capital Contributions to the Fund as the Promoted Interest. The Promoted Interest is provided for in connection with the Manager's serving as the manager of the Fund and as an incentive for profitable operation of the Fund.

**Tax Distributions.** Under the terms of the Operating Agreement, the Manager may receive distributions of distributable cash from the Fund in order to meet the Manager's tax obligations arising from income allocated to the Manager under the Operating Agreement ("**Tax Distributions**"). Any tax distributions received by the Manager will reduce the amount of distributions to pay the Promoted Interest; however, under certain circumstances the Manager's receipt of Tax Distributions may result in the Manager receiving distributions of cash in excess of the amount to which the Manager would otherwise be entitled from the Promoted Interest.

**Other Fees and Compensation; Interest in Portfolio Companies.** The Manager or its affiliates may receive additional fees or other compensation related to services rendered to any Portfolio Company. This compensation will be paid by the Portfolio Companies as negotiated. The Manager or its affiliates may own interests in or otherwise be affiliated with a Portfolio



Company. The interests may have rights superior to the Securities and may have been acquired on terms more favorable than the terms of acquisition of the Securities by the Fund.

**Payment of Expenses.** All ordinary and recurring operating expenses of the Fund and of the Manager relating to the Fund will be the responsibility of the Manager. The Manager shall bear all of these costs, including office staff and overhead, legal, accounting, and other professional fees and expenses; compensation and expenses of the Investment Committee members; and compensation and expenses of investment personnel.

### **Conflicts of Interest**

The Fund is subject to various conflicts of interest arising out of its relationships with the Manager and its affiliates. Because the Fund will be organized and operated by the Manager, these conflicts will not be resolved through arm's length negotiations, but through the exercise of the judgment of the Manager's management, consistent with the Manager's responsibility to the Fund and subject to the terms of the Operating Agreement. These conflicts include:

**Competition for Management Services.** The Fund will not have independent management and must rely on the Manager and Investment Committee for the operation of the Fund's business. The Manager and Investment Committee will devote only so much of their resources to the business of the Fund as in their judgment is reasonably required. The Manager and Investment Committee anticipate that they will manage additional entities, which may be similar to the Fund, in the future. The Manager and Investment Committee will have conflicts of interest in allocating management time, services, functions, and investment opportunities among the Fund and other present and future entities that the Manager may organize or be affiliated with, as well as other business ventures in which it is or may become involved. The Manager, Investment Committee and their affiliates may engage for their own account, or for the accounts of others, in other business ventures, including Portfolio Companies, and neither the Fund nor any Member will be entitled to any interest therein.

**Investments in Portfolio Companies.** The Manager, Investment Committee members, or any of their respective affiliates, may invest in, or may already have invested in, the Portfolio Companies. To the extent that investments by any of these persons have already been made in the Portfolio Companies, the Manager or such other persons may have a conflict of interest in evaluating an investment in such Portfolio Companies' Securities by the Fund. To the extent the Manager, Investment Committee members, or any of their respective affiliates desire to invest in a Portfolio Company, such investment may be competing with the Fund's investment, and may cause the Fund to be allocated fewer Securities that may be offered by the Portfolio Company. As a condition to joining the Investment Committee and to the continuation of any individual's membership on the Investment Committee, each person serving on the Investment Committee is and will be required to disclose in a writing delivered to the Manager and to the Investment Committee any matter constituting a conflict of interest, or creating the appearance of a conflict of interest, for such Investment Committee member and to recuse himself or herself from participating (directly or indirectly) in the Investment Committee's review, discussion, analysis or action with respect to any such matter.

In the event that the Manager identifies Securities in which more than one Client (including the Fund) managed by the Manager and its affiliates may have the opportunity to invest, and the aggregate amount of cash available for investment in the Securities from the Clients (including the Fund) exceeds the amount of Securities available to purchase, the Manager will allocate investment in the Securities among the Clients (including the Fund) in a fair and equitable manner over time acting in the best interest of its Clients (including the Fund) in the Manager's sole discretion. Different Clients (including the Fund) generally have different investment committee members, as well as a different Managing Partner or Senior Partner (if any). In assessing how to allocate a limited investment opportunity that may be suitable for multiple Clients, the Manager will assess in good faith how to equitably allocate the investment opportunity. Certain investments will be made available only to the particular Client for whom the investment was first identified, such as if an investment is seen to relate in some way to a particular university, and if the AVG Fund that focuses on investment opportunities that relate to that university has capacity to accept the entire available investment. Other opportunities may be shared among the Clients whose investment committees express interest or to which the Manager otherwise deems appropriate to direct part of the investment. The Fund shall have no claim against the Manager with respect to such allocation. Ordinarily, other Clients managed by the Manager or its affiliates have a substantially different investment program and investor base from the Fund. As a result, the Fund and any other AVG Fund, except for parallel funds (such as one fund for accredited investors and another fund for qualified purchasers) should be expected to have significantly different risk/return characteristics as between the funds.

**Transactions in Securities with Affiliates.** The Fund may purchase Securities from or sell Securities to affiliates of the Manager, which will result in a conflict of interest in evaluating the merits of an investment in and the value of such Securities. While the Manager intends to exercise its good faith judgment in valuing the Securities purchased or sold by the Fund, the Manager and the Investment Committee will have great latitude in valuing such Securities. To the extent that the Securities are purchased by the Fund in amounts in excess of the amounts paid by affiliates for such Securities, the affiliate will profit without regard to the performance of the Portfolio Company issuing the Securities or of the Fund in general.

**Other Transactions with Affiliates.** From time to time, in the sole discretion of the Manager, the Manager and its affiliates may enter into other transactions with the Fund including but not limited to loaning or advancing money to the Fund to make investments in advance of the Final Closing.

**Provision of Services by Affiliates.** The Manager and its affiliates are not prohibited from providing services to, and otherwise dealing or doing business with, the Portfolio Companies, although there are no present paying arrangements with respect to any such services.

**Receipt of Compensation by the Manager and Its Affiliates.** The compensation payable to the Manager and its affiliates described under "Risk Factors and Investment Considerations – Compensation to Manager and its Affiliates" was not determined by arm's length negotiations.

**Lack of Separate Representation.** It is anticipated that counsel to the Manager will continue to represent the Manager and the Fund after consummation of the offering described herein. Such counsel has not acted independently on behalf of the investors, and potential

investors should consult with and rely on their own legal counsel with respect to analyzing the terms of this investment and any future matters related to the Fund or the ownership of Units in the Fund.

### **LEGAL MATTERS; REPORTS TO INVESTORS**

Perkins Coie LLP has advised the Manager and the Fund with respect to corporate and securities law compliance issues related to this Offering.

Annual reports of the Fund's affairs are intended to be distributed to the Members within 120 days following the close of the Fund's fiscal year.

Within 90 days after the end of each fiscal year of the Fund, or such other reasonable time, the Manager will distribute to the Members such information as is necessary for the preparation of their federal and state income tax returns on Schedule K-1.