

SPRING/SUMMER 2020



ALUMNI VENTURES
GROUP

Our New Post-COVID World

THESIS-BASED VENTURE INVESTING 2020-21



PRESENTED BY ALUMNI VENTURES GROUP

A person with long hair, seen from behind, wearing a backpack and looking out over a vast, hazy mountain range under a bright sky. The person is in the foreground, slightly to the left, and the mountains fill the background.

“

THE WORLD HAS CHANGED

“We believe this pandemic has changed our world forever.

...Trends will accelerate

...Whole new markets will emerge

...Threats will continue and different risks develop

...Industries will be disrupted

...And new market leaders will be created.

I don't know if our new world will be better or worse. Probably both. But I do know it will be very different and that our venture investing lens must also be different.”

MICHAEL COLLINS, CEO OF ALUMNI VENTURES GROUP



ABOUT AVG

SMART, SIMPLE VC PORTFOLIOS



- VC firm offering smart, simple VC portfolios for individuals
- Third most active US VC firm (PitchBook, 2019); ~450 portfolio companies
- Started with Dartmouth alums in 2015—now 16 alumni funds (Harvard, MIT, Stanford, Penn, Berkeley, etc.)
- Also funds open to any accredited investor, such as Total Access Fund
- ~100 full-time staff out of five offices
- Developed Post-COVID Fund, open to any accredited investor



THEMES

OUR NEW POST-COVID WORLD

1. Hey, Alexa, Am I Sick?
2. School for Zoomers
3. A Touchless World
4. Direct-to-Consumer Everything
5. Digital Cops
6. Yes — Cough — I'm Healthy
7. Made in America Strikes Back
8. Home Work
9. Entertainment 2025
10. Who'd a Thunk?



1. HEY, ALEXA, AM I SICK?

The U.S. healthcare system will be shocked into models that stress better value, information transparency, and convenience. New models and tech will give patients more options.



HEY, ALEXA, AM I SICK?

EXPANDING ACCESS

- Telemedicine will expand access, especially to underserved and hard-to-serve groups
- Patients will expect the same or better experience and quality from telemedicine as they do from in-person visits

SMART, CONNECTED PERIPHERALS

- Devices such as watches, rings, thermometers, and scales will share data with telehealth software
- Will be required for contact tracing, health certification, telemedicine





HEY, ALEXA, AM I SICK?

SOFTWARE WILL EAT HEALTHCARE

- With expanded use, companies will have the data to train chatbots for non-medical conversations (to start)

BIG DATA AND AI ACCELERATE

- Big tech (Apple, Google, Microsoft, IBM, etc.) will become major players in healthcare

TELETHERAPY

- Remote therapy will reduce barriers and allow scheduling flexibility, improving adherence
- Mental health will start to be prioritized



2. SCHOOL FOR ZOOMERS

Technology will free students from classroom desks, rigid instruction models, and standard curriculums — becoming more affordable and accessible.



SCHOOL FOR ZOOMERS



ALTERNATIVE LEARNING PATHS

- Education system is open for change with schools transitioning to remote learning
- Schools will increasingly offer multiple modalities with different price points
- No degree, no problem: Need for college degree will diminish with new educational avenues (e.g., IBM's 6-year high school program)
- New talent certification models will be developed

AFTER-SCHOOL PROGRAMS

- Remote learning allows access to broad range of tutors and other after-school programs
- One-to-one and one-to-many tutoring for music, language skills, etc.



SCHOOL FOR ZOOMERS

SKILLS / TRAINING GO DIGITAL

- VR and AR will be used to help people learn skills such as new languages or the arts
- Remote robotic control

PROFESSIONAL EDUCATION

- AR and VR will be used to train med students on anatomy, mechanics on how to replace a part, or show architects their projects virtually and instantly

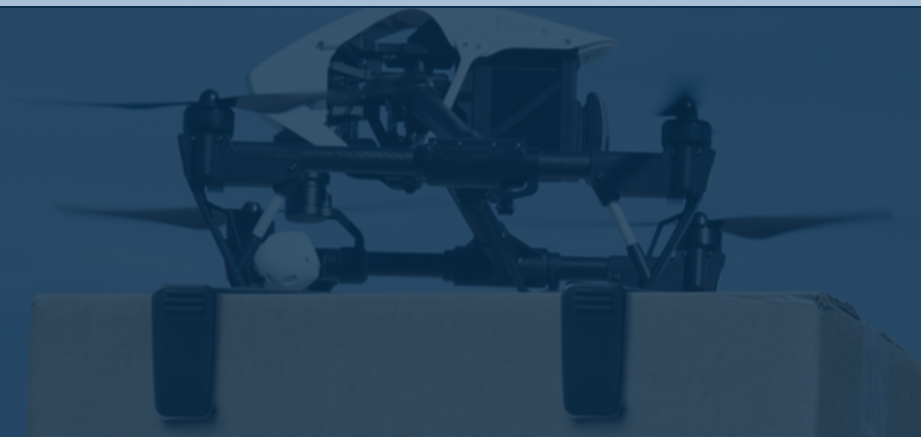
VIRTUAL TRAVEL & ENTERTAINMENT

- Remotely 'travel' to places and events without leaving your house



3. A TOUCHLESS WORLD

Instead of vulnerable humans, robots, drones, and smart systems will connect people to the products and services they need.



A TOUCHLESS WORLD

A composite image featuring a person in a hard hat and safety vest in the foreground, and a drone flying in the background against a sunset sky.

TOUCHLESS EVERYTHING

- More touchless checkouts, keypads, doors, etc.
- Voice control takes off
- Beyond stores: Transit systems, hotels, large venues, etc.

DRONE AND ROBOTIC DELIVERY

- Using robotics/drones to solve 'last mile' delivery
- Improving efficiency and avoiding contamination
- UPS, Amazon, FedEx will roll out drone or touchless delivery

ROBOTIC FACTORIES AND SERVICE INDUSTRIES

- As more people order online, ecommerce and warehouses will increasingly automate
- Service industries will accelerate use of tech, robotics, automation



A TOUCHLESS WORLD

TELECONFERENCING

- Expect new platforms and tools to solve problems and fill new niches—Zoom is just the beginning

GOVTECH

- Huge pressure on government to automate, become virtual and touchless
- Look for innovation in voting, taxation, records
- Identification may become more digitized
- Privacy and personal information will be a concern and friction point—but safety trumps privacy for now



4. D2C OF EVERYTHING

Retailers will offer customers more services, experiences, and customization — and tech will help deliver that.



D2C OF EVERYTHING

DEATH OF TRADITIONAL RETAIL

- Many department stores and non-digital-native brands won't survive
- More at home, delivered, and tele-assisted goods and services
- Customers will be attracted to tech-enabled, personalized, and customized experiences/services
- AI and machine learning will help with personalization, customization
- More traditional retail will move to D2C: pharmacy, personal care, exercise, etc.



D2C OF EVERYTHING

VR/AR

- Retail stores will move to a more virtual shopping experience

EVERYTHING ABOUT FOOD IS IN PLAY

- People may avoid eating and grocery shopping in densely populated venues and increase demand for delivery services, curb pickup, etc.
- Accelerated meal kits, delivery, personalization



5. DIGITAL COPS

The smart devices we increasingly rely on will be vulnerable to and protected by more smart tech, while the urgency of security is likely to decrease privacy.



DIGITAL COPS

MORE DEVICES, ATTACKS, & COUNTERMEASURES

- As people increase remote work, more devices will be online—and vulnerable
- More computing will be conducted across a broader array of devices (sensors, smart meters, traffic lights)
- Simpler, more bullet-proof password and encryption

SUPPLY CHAIN SECURITY

- Increased security for tracking parts, components, and products from manufacturing to final delivery

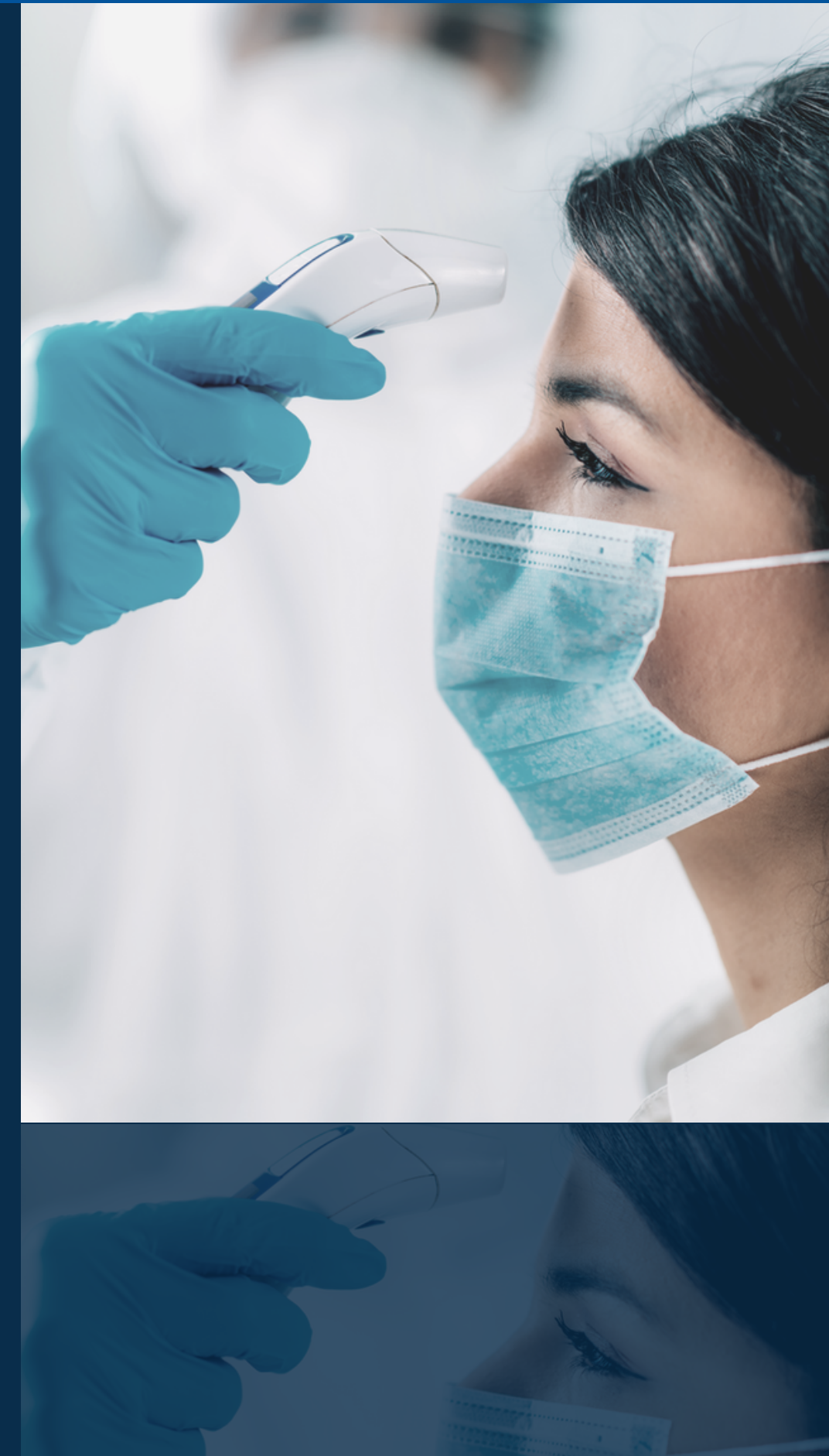
SAFETY OF NATIONS & CITIZENS

- Investing to prevent bioterrorism, nuclear conflict, grid hacks
- New personal safety industry created
- Tools for risk assessment, early warning



6. YES — COUGH — I'M HEALTHY

Real-time personal health monitoring and status come into their own — with privacy vs. security in tension.



The image is a composite of two photographs. The top photograph is a close-up, slightly blurred shot of a person in a red shirt holding a white non-contact thermometer, pointing it at a person in a grey shirt and blue face mask. The bottom photograph is a clearer, full-body shot of the same scene. A person in a red shirt stands on the left, holding the thermometer towards a line of three people. The first person in line is a man in a grey polo shirt and blue face mask. Behind him are two other people, one in a black hoodie and black face mask, and another in a grey polo shirt and white face mask. They are all standing behind a red and white striped metal barrier. The background shows an outdoor setting with trees and a building.

YES – COUGH – I'M HEALTHY

EARLY DETECTION / RISK ASSESSMENT

- Individuals will need to prove current health status in real time, particularly in highly dense areas
- AI and big data will provide early warning and intervention signals on hot spots, etc.

HEALTH CERTIFICATION

- Coming for your physical condition, vaccinations, notable diseases diagnosed, most recent physical



YES – COUGH – I'M HEALTHY

SENSORS AND CAMERAS EVERYWHERE

- Detecting your vital signs and assessing risk
- Increasingly an integral part of the healthcare system

WEARABLES

- Prove you're healthy or sick
- Data aggregated, used by health organizations for public benefit

CONTACT TRACING

- Identifying infected patients and tracking their contacts using mobile software (e.g., Google and Apple's collaboration) will become much more routine
- Access to individual health data can help AI's ability to improve public safety



7. MADE IN AMERICA STRIKES BACK

Automation, advanced manufacturing, and sensors will revive "Made in America." But it won't look the same.



MADE IN AMERICA STRIKES BACK



ADVANCED MANUFACTURING

- Advanced manufacturing will resurge in the US and provide resiliency to our supply chain
- Likely to take place around clustered advanced manufacturing centers (industrial-scale 3D printing v. textile manufacturing)

AI, ANALYTICS, AUTOMATION

- Companies will use more sensors in facilities to collect and analyze data to increase efficiency with lower headcount
- Automation will replace traditional factory jobs
- Industries increasingly adapt their workforce (training new and existing employees) to digital economy

COUNTERTREND

- Local, high touch, craftsmanship will be valued luxuries



8. HOME WORK

Remote models will be reimagined as new norms, tech, and organizational structures take hold.



HOMEWORK

RETHINKING NORMS

- Acceleration of work at home, flex hours
- Expect new childcare, babysitting models to emerge
- Real estate as we know it changes significantly
- Digital collaboration tools explode
- Organizational structures become more varied and fluid



9. ENTERTAINMENT 2025

Digital options will increase for a variety of entertainment, and in-person events will increasingly be supplemented by online experiences.



ENTERTAINMENT 2025

DIGITAL AND VIRTUAL

- Digital entertainment IS entertainment
- Online social events replace and supplement the dinner party and new forms of social and family interaction evolve
- VR finds its groove in sports, travel, music, etc.
- Expect digitally native replacements for many bedrock social groups/interactions: civic, hobby, religious service, etc.



10. WHO'D A THUNK?

OPPORTUNITIES THAT WE HAVEN'T YET IMAGINED

- A society of innovators and problem solvers will create new products and services that we can't even imagine
- You know it when you see it, and we'll be there to invest in them





POST-COVID FUND

ALUMNI VENTURES GROUP

One Investment = One Portfolio

- Portfolio of 20-30 companies invested over 12-18 months
- Addressing opportunities & challenges related to COVID-19
- Diversified by sector, stage, geography, lead investor
- Deals vetted by and invested in by AVG Alumni Funds; chances to invest in the later rounds of our ~450 portcos, plus new deals
- Office of Investing selects to fit thesis & diversification guidelines
- 20-25% reserves for follow-ons
- Investment minimum: \$25K
- After all capital contributions returned to investors, including management fee, profits split 80% to investors and 20% to AVG*
- Open to all accredited investors

**See AVG's full [Fees & Profit Sharing](#) disclosure here.*





“IT'S TIME TO BUILD. Every step of the way, to everyone around us, we should be asking the question, what are you building? What are you building directly, or helping other people to build, or teaching other people to build, or taking care of people who are building?”

— MARC ANDREESSEN. APRIL 2020



Next Steps

- [Connect](#) with an AVG Senior Partner to learn more
- Explore AVGFunds.com to learn more about us

[Click to Get Started](#)



Legal Disclosure

IMPORTANT DISCLOSURE INFORMATION

Each of the various funds of Alumni Ventures Group Funds, LLC is a different series of Alumni Ventures Group Funds (AVG Funds). Each of the funds involves a different investment portfolio and risk-return profile. The manager of each fund is Alumni Ventures Group Funds, LLC, a Massachusetts-based venture capital firm. AVG is a for-profit company that is not affiliated with or officially sanctioned by any school. This summary document is for preliminary informational purposes, and no offering of securities is made with this document. Offers are made only pursuant to formal offering documents, which describe risks (which are significant), terms, and other important information that must be considered before an investment decision is made. Contact Info@AVGFunds.com with questions, or requests for additional information on AVG or AVG funds. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and this fund involves substantial risk of loss, including loss of all capital invested. Moreover, you should not assume that any of the above content serves as the receipt of, or as a substitute for, personalized advice about investments. All documents referred to in this material are available upon request from eligible investors and should be reviewed by you and your advisors for a complete understanding of their provisions. Early-stage companies are risky investments, not suitable for all investors.

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RISK FACTORS AND INVESTMENT CONSIDERATIONS

FOR ACCREDITED INVESTORS ONLY. This is neither an offer to sell nor a solicitation of an offer to buy securities described herein. An offering is made only by the Confidential Private Placement Memorandum (the “Memorandum”). This sale and advertising literature must be read in conjunction with the Memorandum in order to understand fully all of the implications and risks of the offering to which it relates. A copy of the Memorandum must be made available to you in connection with this offering. Prospective investors should carefully read the Memorandum and review any additional information they desire prior to making an investment and should be able to bear the complete loss of their investment

The securities offered herein are highly speculative and involve substantial risks including, but not limited to the following: Do not acquire an Interest if you cannot afford to lose your entire investment. Carefully consider the risks described below, as well as the other information in the Memorandum before making a decision to purchase an Interest. Consult with your legal, tax and financial advisors about an investment in an interest. The risks described below are not the only risks that may affect an investment in an Interest. Additional risks and uncertainties that we do not presently know or have not identified may also materially and adversely affect the value of an Interest, the Property or the performance of your investment. The risks of purchasing an Interest include, but are not limited to, the following:

GENERAL; OPERATING HISTORY OF THE FUND; RISKS INHERENT IN INVESTMENT STRATEGY.

The purchase of units in the fund is highly speculative and involves significant risks, and 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 all offering and legal materials carefully and consult with their attorney and business and/or investment advisor. 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. The fund has been newly organized to acquire securities. Those 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 AVG's independent research and judgment. 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; ABILITY TO PARTICIPATE IN INVESTMENTS DEPENDENT UPON STATUS AS AN ACCREDITED INVESTOR.

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. 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). 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

RISK FACTORS AND INVESTMENT CONSIDERATIONS

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, AVG 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, AVG may require the member to withdraw from the fund or take other actions with respect to the member's interest as provided in the governing documents of the fund.

FEES; TIME REQUIRED TO MATURITY OF INVESTMENT; NATURE OF INVESTMENTS.

The fund is subject to substantial fees which AVG 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 AVG or its affiliates will benefit. There can be no assurances that AVG 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 250-300 securities for each member 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. The business of identifying and implementing investments in portfolio companies involves a high degree of uncertainty. members will need to rely upon the ability of AVG to identify and implement investments in securities consistent with the fund's investment objective. There can be no assurance that AVG will either identify or consummate profitable investments for the fund. It is anticipated that a period of time will be required for AVG to identify and effect 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 objectives,

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. 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.

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 AVG 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 AVG determines to invest in investment funds similar to the fund, the fund will be entirely dependent upon AVGs of such funds to make investment decisions regarding investments in portfolio companies. 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

RISK FACTORS AND INVESTMENT CONSIDERATIONS

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 AVG 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.

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. AVG 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; COMPETITION FOR INVESTMENTS; LACK OF DIVERSITY OF INVESTMENTS.

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. 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 AVG. The fund may also compete with other similar investment funds organized by AVG or with affiliates of AVG for allocation of 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 AVG 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. The fund's capital will, by virtue of the relatively small capital available for investment, be invested in a limited number of portfolio companies. If only a minimal amount is raised, the fund will only have funds sufficient to invest in a limited number of portfolio companies.

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DISTRIBUTIONS OF SECURITIES IN KIND; INVESTMENT VALUATION DETERMINED BY AVG.

The fund may distribute its securities in kind to the members. No distributions will be made in kind, however, unless AVG 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 AVG cannot provide tax advice to the members. AVG 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 AVG 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 AVG'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 AVG 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 AVG 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 AVG is subject to civil liability, or the legal expense of defending an action or proceeding challenging the availability to the fund or AVG of such exemptions, the fund and its members could be materially and adversely affected. The fund and AVG 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.

NO MARKET FOR UNITS.

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 AVG to distribute any such funds. 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

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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.

CONFLICTS OF INTEREST; CO-INVESTMENT; CROSS-CLASS LIABILITY.

AVG, the members of the investment committees of the AVG funds with which the fund co-invests, and their respective affiliates may face various conflicts of interest in connection with their respective relationships and transactions with the fund. AVG'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. AVG and its affiliates currently have other investments that may compete directly with the fund for investment opportunities and AVG 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 AVG will allocate investment opportunities in a fair and equitable manner acting in the best interest of its clients as determined by AVG's sole discretion. AVG 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. AVG 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, AVG 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 AVG and its affiliates by the fund and would not be shared with the fund. AVG and its affiliates may invest in the portfolio companies or any other investment identified by AVG 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, AVG will endeavor to cause both funds to have equitable allocations of investment opportunities over time.

COMPENSATION TO MANAGER AND ITS AFFILIATES; LACK OF SEPARATE REPRESENTATION.

AVG 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. AVG will also participate in any profits generated by the fund. The forms of compensation, as further set out in the governing documents of the fund, include management fees, promoted interest, tax distributions, and other additional fees or other compensation related to services rendered to any portfolio company. This compensation will be paid by the portfolio companies as negotiated. AVG 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. All ordinary and recurring operating expenses of the fund and of AVG relating to the fund will be the responsibility of AVG. AVG shall bear all of these costs, including office staff and overhead, legal, accounting, and other professional fees and expenses and compensation and expenses of investment personnel. It is anticipated that counsel to AVG will continue to represent AVG 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.