



**Item 1 – Cover Page**

**ADV Part 2A: FIRM BROCHURE**

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This Brochure provides information about the qualifications and business practices of Linden Manager LLC (referred to herein as “Adviser” or “Linden” d/b/a “Linden Capital Partners” and “Linden LLC”). If you have any questions about the contents of this Brochure, please contact us at (312) 506-5600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Linden is a registered investment adviser. Registration of an investment adviser with the SEC does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## **Item 2 – Material Changes**

The following is a summary of changes from Linden’s last annual brochure, which was dated March 31, 2014. None are deemed by Linden to be material:

- Item 15—updated to describe custody in greater detail

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## Item 4 – Advisory Business

### Firm Description

Founded in 2004, Linden Capital Partners and its related entities are a Chicago-based middle market private equity firm focused exclusively on leveraged buyouts in the healthcare and life science industries. Linden Manager LLC's predecessor entity, Linden Life Science LLC, was founded in 2002. Linden Manager LLC (referred to herein as "Adviser" or "Linden") currently manages four limited partnerships (collectively referred to herein as the "Funds"): Linden Capital Partners LP ("Linden I"), Linden Capital Partners - A LP ("Linden I-A," and together with Linden I, "Fund I"), Linden Capital Partners II LP ("Linden II") and Linden Capital Partners II-A LP ("Linden II-A," and together with Linden II, "Fund II"). The Funds are each a limited partnership with an affiliate of the Adviser as the general partner. All Linden Funds are currently closed to new investors.

Linden's strategy is based upon three elements: (i) healthcare and life science industry specialization, (ii) integrated private equity and operating expertise, and (iii) strategic relationships with large corporations. Linden, through its Funds, invests in the medical products, specialty distribution, and services segments of healthcare. These are companies that can benefit from strategic redirection, capital investment, operational improvements, acquisitions and additions to the management team. Utilizing this strategy, Linden, in partnership with experienced industry executives, seeks to make initial platform investments through privately negotiated transactions at attractive valuations and to substantially improve company profitability through increased revenues and improved margins. Linden also seeks to make add-on acquisitions after validating the initial platform investment, the management team and the successful transition to private equity ownership.

Linden's advisory services for the Funds are detailed in the applicable private placement memoranda and limited partnership agreements ("Governing Documents") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." In general, these services consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Senior principals or other personnel of the Adviser also serve on the boards of directors of the portfolio companies.

As of December 31, 2013, Linden had combined commitments under management of \$575,000,000<sup>1</sup> all of which are managed in Linden's sole discretion.

### Principal Owners/Ownership Structure

Linden Manager LLC is founded and owned by Anthony Davis, Eric Larson, and Brian Miller. Fund I and Fund II are owned approximately 4% and 2%, respectively, by their respective general partners, with the remaining interests divided pro rata amongst each Funds' limited partners, according to each limited partner's capital commitment. The general partners are owned by Linden senior management and other employees.

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<sup>1</sup> AUM calculations may differ from those used in other regulatory filings by Linden in accordance with applicable requirements and guidelines.

## Item 5 – Fees and Compensation

The specific manner in which Linden or its related entities charges fees is established and described in greater detail in the Governing Documents with each Fund.

Generally, on a semi-annual basis, Linden or its related entities will charge the Funds a fee for managing the portfolio (“Management Fee”). This fee is billed partially in advance and partially in arrears on January 5<sup>th</sup> and July 5<sup>th</sup> of each calendar year. While each Fund is in its investment period (a length six years after Management Fees are initially charged), the Management Fee is equal to 2% of investor commitments. After the investment period has expired, the Management Fee is equal to 2% of invested capital. In the case where an investment has been completely written off or is no longer in the portfolio, it is not included in the invested capital fee base. The Fund I Management Fee shall be reduced to zero on the latter of the point in which the only remaining investment in Fund I is Young Innovations, Inc. or July 1, 2016. The Management Fee is paid out of current income, disposition proceeds of each respective Fund and from drawdowns that reduce each limited partner’s capital contribution.

Given the long-term nature of an investment in any private equity fund, there are substantial constraints on an investor’s ability to withdraw and, therefore, it is rare for a Fund investor to fully withdraw from a Fund before the end of each semi-annual period. However, if this were to occur, the Management Fee is treated as earned and are not refunded.

As permitted under the Funds’ partnership agreements, the Management Fee that would otherwise be paid in a given year may be waived or reduced when certain circumstances are met, and any waived or reduced portion of such Management Fee reduces the amount of capital contributions the relevant general partner would otherwise be required to contribute to such Fund. The Management Fee will be reduced at Fund I and Fund II by 50% and 80%, respectively, of any break-up, transaction or monitoring fees earned by the respective general partners. See Item 14 for discussion of break-up, transaction and monitoring fees.

The limited partners of a Fund may be required to make a pro rata contribution according to their respective commitments to fund any contribution that would otherwise be required of the relevant general partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above. Due to the elimination of Fund I Management Fees after July 1, 2016 and/or the timing of receipt of compensation subject to offsets (as described below), it is possible that Fund I Management Fee offsets will not be fully realized by investors, resulting in a net additional benefit to the relevant general partner.

The general partners may exempt certain investors in the Funds from payment of all or a portion of Management Fees, including investors affiliated with Linden, and do not themselves pay Management Fees. Any such exemption from Management Fees may be made by a direct exemption or a rebate by the applicable general partner.

In addition to the Management Fee, each Fund bears certain other expenses. As set forth in the Governing Documents, to the extent not paid by portfolio companies, each Fund is also responsible for all costs, expenses, liabilities and obligations relating to their activities, investments

and business, including (i) all costs expenses, liabilities and obligations attributable to acquiring, holding and disposing of investments (including interest on money borrowed, registration expenses and brokerage, finders', custodial and other fees) (ii) legal, accounting, auditing, consulting, insurance, travel, litigation and indemnification costs and expenses, financing, appraisal, filing, accounting and custodian fees and expenses; expenses associated with the respective Funds' financial statements, tax returns and Schedule K-1s; (iii) out-of-pocket expenses incurred in connection with investment and disposition opportunities not consummated; (iv) expenses of the advisory board and meeting of the limited partners; (v) any taxes, fees or other governmental charges levied upon such Fund; (vi) organizational expenses, but not including (A) excess organizational expenses, and (B) ordinary overhead and administrative expenses, which are payable by the Adviser or its affiliates.

At times service providers may perform services pertaining to multiple Funds or related entities. In such instances, Linden will allocate the total expense to multiple entities, including Fund I or Fund II, using what it believes to be a fair and equitable allocation methodology.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Linden's related entities have entered into performance fee arrangements with each Fund. Such fees are based on the terms in each Fund's Governing Documents. These performance or incentive fee arrangements have been structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940 ("the Advisers Act") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

If total proceeds from the sale of Fund investments exceed the sum of cash contributions made by such Fund's investors plus an 8% annually compounded preferred return on those cash contributions, the Firm, or its related entities, is allocated 20% of that excess profit; this allocation is known as carried interest. Carried interest is subject to claw-backs to the extent Linden or its related entities are paid in excess of their entitled distribution.

Linden's Management Fees, carried interest allocations, performances fees and other compensation payable to Linden and its related entities are established by Linden at the time of the establishment of the relevant vehicle and are negotiated with participating investors prior to making their investment. Once the relevant Fund has been established and commenced operations, such compensation and expenses are not modified without the consent of two-thirds of the limited partners of the relevant Fund.

The payment by the Funds of carried interest may create an incentive for Linden to disproportionately allocate time, services or functions to Funds paying carried interest, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Governing Documents, this conflict is mitigated by the general partner's commitment to each Fund.

## **Item 7 – Types of Clients**

Linden provides portfolio management services to its private fund clients, the Linden Funds. Linden Manager LLC provides portfolio management services and Linden Manager LP and Linden

Manager II LP act as the general partner to Fund I and Fund II, respectively. The Funds limit their respective investors to persons who are “accredited investors” as defined under Regulation D of the Securities Act of 1933 or “qualified purchasers” as defined in the Investment Company Act of 1940 (“Advisers Act”). Minimum commitments for a limited partner to Fund I and Fund II were \$1 million and \$5 million, respectively, which may have been reduced at Linden’s discretion. The Funds are no longer accepting new commitments from investors.

Investors in Linden Funds include a broad range of U.S. and non-U.S. investors, including, among others, fund of funds, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trust programs, foreign funds and other U.S. and international institutions. In addition, employees and other persons associated with Linden and/or its affiliates may make capital commitments to the Funds.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Strategy**

Linden’s strategy is based upon three elements: (i) healthcare and life science industry specialization, (ii) integrated private equity and operating expertise, and (iii) strategic relationships with large corporations. Linden, through its Funds, invests in the medical products, specialty distribution, and services segments of healthcare. These are companies that can benefit from strategic redirection, capital investment, operational improvements, acquisitions and additions to the management team.

Linden brings integrated investment, operating and human capital expertise to every one of its companies and investment opportunities. Linden investment professionals have extensive experience in private equity, from sourcing and transaction structuring to value creation, exit planning and fund administration. Linden operating partners, executives hailing from leading healthcare and life science companies, not only serve on our portfolio company boards, but also are involved in every aspect of growing Linden portfolio companies. Supplementing the team is Linden’s human capital executive, an in-house resource dedicated to recruiting investment and operating talent, as well as overseeing hiring and benefits for the portfolio.

Linden has cultivated an expansive network of executive, operating, management, regulatory, reimbursement, and scientific advisors from some of the world’s leading corporations, professional firms, consulting firms, government entities and academic institutions. These individuals provide invaluable insight into developments and trends in the healthcare and life science industries, helping to identify the type of industry shifts that impact our decisions. Their added value extends to advice, strategic partnerships and guidance through all phases of investments, from initial sourcing and due diligence to value creation and exit planning.

Linden’s value creation program integrates sector-focused strategies, investment theses, and operational priorities into a roadmap designed to ensure that the Linden team, company management and board of directors realize the potential in each investment. Linden works closely with portfolio company management during the diligence process to identify the strategic and operational levers in each business. From there Linden designs a plan with its operating partners and CEOs to accelerate the growth and strengthen the portfolio company’s competitive position.

Utilizing this strategy, Linden, in partnership with experienced industry executives, seeks to make initial platform investments at attractive valuations and to substantially improve company profitability through increased revenues and improved margins. Linden also seeks to make add-on acquisitions after validating the initial platform investment, the management team and the successful transition to private equity ownership. Investments in these types of business are made with a long-term view.

Linden focuses on forming long-term relationships with CEOs, CFOs, board members and key business unit managers of healthcare and life science companies, which are often sellers, future buyers, suppliers or customers of the current and future portfolio. Through these relationships, Linden maintains an active pulse on the industry and a direct pipeline to opportunities. These relationships help secure advantageous sourcing, strategic alternatives for non-core operations, complex corporate carve-outs and proprietary investment opportunities, including an ability to provide strategic capital for joint bids with corporate partners. Corporate divestitures often require greater management attention post-acquisition than do other private equity investments, and the team has built an expertise in sourcing and managing this type of investment.

Linden adheres to a rigorous, disciplined and analytical process to qualify and evaluate investments. Every investment opportunity presented in Linden's weekly meeting is scored on four primary dimensions: (i) the overall attractiveness of the business, including an assessment of the industry and management team; (ii) the competitiveness of the transaction process; (iii) Linden's competitive advantage and strategic angle; and (iv) the anticipated valuation.

## **Risk Factors**

No investment is free of risk. Current and prospective Linden limited partners are cautioned that investments in securities involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear these risks. All investors should be aware of certain risk factors, which include, but are not limited to:

- **Business Risks:** The Funds' investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk, which can result in substantial loss.
- **Future and Past Performance:** The performance of the members of the Linden team's prior investments is not necessarily indicative of any Fund's future results. While Linden intends for its Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. There can be no assurance that any limited partner will receive any distribution from any Fund. On any given investment, loss of principal is possible.
- **Concentration of Investments:** The Funds are invested in a limited number of investments and intends for all investments to be made in healthcare, life science and other science-based businesses. As a consequence, the Partnership will be less diversified for industry risk than other, more broadly focused funds. The Fund's healthcare and life science investments may be exposed to risk from changes in government regulations and reimbursement policies.



Each Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.

- Investment in Junior Securities: The securities in which the Funds invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.
- Lack of Sufficient Investment Opportunities: It is possible that a Fund may never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. Limited partners, however, are required to pay annual management fees during each Fund's investment period based on the entire amount of such partner's commitments. There also is likely to be increasing competition among private equity firms and investors for investments in the sectors in which the Funds are targeting its investments. There are a number of partnerships and many experienced individuals in these industries that specialize in healthcare, life science and other science-based businesses. In addition, many established private equity firms and large private and public companies, which have much greater capital resources than the Funds, often invest in healthcare, life science and other science-based businesses. Therefore, there can be no assurance that any Fund will make a sufficient number of attractive investments in order to deploy the Fund's committed capital completely or profitably.
- Illiquidity; Lack of Current Distributions: An investment in any Linden Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for five years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating each Fund (including the annual management fee payable to its general partner) may exceed income, thereby requiring that the difference be paid from such Fund's capital.
- Limited Transferability of Fund Interests: There will be no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of any Fund interests under each Fund's partnership agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.
- Restricted Nature of Investment Positions: Generally, there will be no readily available market for a substantial number of the investment recommendations, and hence, most of the Funds' investments will be difficult to value.
- Leveraged Investments: The Funds may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state

of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, such Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, a Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency.

Investment Opportunities and Allocations: The Adviser could be presented with investment opportunities that would be suitable for more than one Fund. In determining which Fund should participate in an investment opportunity, Linden and its affiliates could be subject to conflicts of interest among the investors in such Funds. To the extent a conflict arises, Linden will attempt to resolve the conflict of interest in light of its obligations to investors in its Funds and attempt to allocate investment opportunities among Funds in a fair and equitable manner. Where necessary, Linden will consult and receive consent to conflicts from an advisory committee consisting of limited partners of the Funds.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, Linden is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of Linden or the integrity of Linden's management. No events have occurred at Linden that are applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Linden and its affiliated general partners are not actively engaged in a business other than giving investment advice to its clients, the Funds (which are pooled investment vehicles), and managing the portfolio companies owned by its Funds. Neither Linden nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity-trading adviser, or associated person of the foregoing.

In addition to his responsibilities at the Firm, one of Linden's principals, Eric Larson, also engages in other strategic initiatives that are outside of Linden's investment mandate.

Other than as discussed above, Linden has no other arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or its investors.

Linden has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, tax preparation, insurance brokerage, investment management services and other personal services. None of these relationships creates a conflict of interest with any Linden clients or investors.

From time to time, Linden receives training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will the Firm accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics and Personal Trading**

Linden has adopted a Code of Ethics for all employees of the Firm describing its high standard of business conduct and its responsibilities to its clients. Linden's Code of Ethics includes provisions relating to standards of business conduct, the confidentiality of client information, personal trading requirements, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, social media policies, and political contribution policies, among other things. All Linden employees must acknowledge and agree to be bound by the terms of the Code of Ethics annually, or at such time the Code of Ethics is amended.

Linden's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting its Chief Compliance Officer, Doug VanDegrift, at (312) 506-5600.

### **Participation in Client Transactions**

It is Linden's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts without first obtaining the relevant advisory board and/or limited partner approval. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Conflicts of Interest

The offering documents for each Fund details a complete description of what Linden believes to be the most significant conflicts of interest associated with an investment in the Fund. Some of these conflicts are summarized below; however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. Investors should carefully consider the conflicts of interest herein as well as those outlined in the Firm's offering documents prior to investing in a Fund.

Investors should note that there could be occasions when Linden and its affiliates may encounter potential conflicts of interest in connection with a Fund. If any matter arises that Linden determines in its good faith constitutes an actual conflict of interest, the Firm may take such actions as may be necessary or appropriate, within the context of such Fund's limited partnership agreement, to ameliorate the conflict (upon taking such actions Linden will be relieved of any responsibility for such conflict). These actions may include disposing of the asset giving rise to the conflict, bringing the matter before Linden's advisory board or appointing an independent fiduciary to resolve the matter.

Linden will pursue all appropriate investment opportunities exclusively through its Fund vehicles. Linden, however, currently manages Funds I and II concurrently and each Fund may compete with the other for potential investment and/or exit opportunities. In its discretion, Linden will direct certain relevant investment opportunities to the particular Fund in which Linden believes will generate the most superior investment returns for its partners. Once each Fund's investment period concludes, Linden may and likely will focus its investment activities on other opportunities and areas unrelated to its current Funds' investments.

Fund I and Fund II may invest together in the same investment in the manner set forth in the applicable partnership agreement. The Adviser's policy is to allocate investment opportunities on a fair and equitable basis, consistent with its fiduciary obligations and the underlying documents for each Fund.

Certain Linden principals and employees are also investors in the Funds. However, because of the nature of its business, the participation of Linden employees in the Funds will not interfere with the making or implementing of decisions that are in the best interest of limited partners. Employee limited partners share in the same deals as other limited partners of the Funds, share costs, except for Management Fees, and receive distributions proportionally with other limited partners.

The significant investment of Linden principals in each of its Funds, as well as the principals' interest in the carried interest, operate to align, to some extent, Linden's interest with the interest of its Funds' limited partners. Although, Linden has economic interests in all of its Funds and investments, through its interest in each Fund, and receives management fees and carried interest fees with respect to each of its Funds. In addition, Linden employees may serve on the boards of Fund portfolio companies. Serving in such a capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned.

Each Fund's limited partners include persons or entities resident in various jurisdictions, including the United States and other countries, which may have conflicting investment, tax and other interests with respect to their investments in each Fund. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by each Fund, the structuring of the acquisition of portfolio companies and the timing of disposition of investments. Such structuring of portfolio companies may result in different returns being realized by different limited partners. As a consequence, conflicts of interest may arise in connection with decisions made by Linden that may be more beneficial for one limited partner than another limited partner, especially with respect to limited partners' individual tax situations. Linden considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular limited partner.

Linden may enter into individual agreements with a limited partner regarding a subscription in a Fund. These agreements are referred to as side letters, and may encompass a broad range of agreed-upon terms.

## **Item 12 – Brokerage Practices**

The adviser will periodically engage broker-dealers to perform various services for its Funds, and/or its portfolio companies, such as assisting in the purchase or sale of a portfolio company through privately-negotiated transactions. Linden may not select the broker-dealer with the lowest commission, but instead bases its selection on the broker-dealer's knowledge and expertise in a given segment of the healthcare and life science industries, Linden's prior working relationship with the broker-dealer as well as the cost of the services provided.

The Firm does not receive any soft dollar benefits from a broker-dealer or other third party in connection with client securities transactions.

## **Item 13 – Review of Accounts**

Doug VanDegrift, CFO and Chief Compliance Officer, reviews the accounts of each of its Funds on a quarterly basis. Mr. VanDegrift, in his role as CFO and Chief Compliance Officer, also reviews the Funds' accounts whenever a determination is made as to a distribution. Linden furnishes to its limited partners unaudited financial statements for the first three quarters of each fiscal year within 45 days of each quarter's close and an annual audited financial statement within 90 days of the fiscal year end. On a quarterly basis, Linden performs a valuation analysis of each client-held portfolio company. In addition to providing client financial statements on a quarterly basis, Linden provides an individual statement of account for each limited partner quarterly. All reports are sent to investors in writing, and are delivered electronically.

## **Item 14 – Client Referrals and Other Compensation**

Linden receives compensation in the form of fees paid by the limited partners, as previously disclosed in Item 5 and Item 6. In addition, the Fund I and Fund II general partners may receive a fee upon the closing of a portfolio company transaction or a fee for providing management services to a portfolio company. As described in the Governing Documents and Item 5, a portion of this compensation may, in many cases, offset a portion of the Management Fee paid by a Fund. However, in other cases (e.g., reimbursement for out of pocket expenses directly related to a portfolio company), it may be in addition to Management Fees.

Linden may, from time to time, enter into solicitation agreements pursuant to which it compensates one or more third parties for client referrals that will result in the provision of investment advisory services by Linden. Any cash solicitation agreements will comply with Rule 206(4)-3 of the Advisers Act. Solicitors introducing investors to Linden may receive compensation from Linden, such as a retainer and/or a percentage of introduced capital. Such compensation is paid pursuant to a written agreement with the solicitor and typically may be terminated by either party from time to time. The cost of any such fees will be borne entirely by Linden and not by any affected investors. In connection with fundraising for Funds I and II, Linden hired Park Hill Group to solicit investors on its behalf. Linden is currently not in fundraising mode and Park Hill Group is not actively soliciting investors on Linden's behalf.

Linden has engaged several individuals ("Operating Partners") to research, identify and provide recommendations regarding target markets, market segments and companies for potential acquisition or investment. Pursuant to written arrangements, Operating Partners are compensated through regular service payments and an additional fee paid upon the successful acquisition of a portfolio company sourced by such Operating Partner or in which their diligence and insight were crucial to the acquisition. Operating Partners may also be limited partners in Linden Funds.

## **Item 15 – Custody**

Linden does not have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, Linden is generally deemed to have custody of the assets of the Fund as a result of its position as an affiliate of the general partner of each Fund. Called capital is directly sent or wired into Linden's custodial accounts at BMO Harris Bank. BMO Harris Bank serves as a qualified custodian for all limited partner cash accounts and The Kingdom Trust Company ("Kingdom") serves as a qualified custodian for limited partner securities accounts. Linden receives monthly statements from Harris Bank and quarterly statements from Kingdom. On a quarterly basis, investors receive from Linden financial statements of the Fund they are invested in, an update on the Fund's portfolio company holdings, and a summary of each limited partner's capital account.

Funds I and II receive annual audited financial statements from the Funds' auditors, McGladrey, LLP. Linden forwards a copy of the audited financial statement to limited partners within 90 days of the fiscal year end.

## **Item 16 – Investment Discretion**

Linden and its general partners have discretionary authority based on the Governing Documents with each Fund, to buy and sell securities or other investments on behalf of the Funds and to determine the amount of such investments to be bought and sold. The terms upon which Linden serves as an investment manager of a Fund are established at the time each Fund is established and are set out in the Governing Documents of each Fund. These terms potentially restrict Linden's advice concerning investments in certain securities or types of securities, diversification, geographies, industries and leverage. Linden's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. To date, except as previously agreed to and disclosed in the limited partnership agreement, the limited partners have not limited Linden's discretion to provide investment advice, nor have the limited partners limited Linden's ability to invest in specific portfolio company sectors or otherwise.

To become a limited partner in a Linden Fund, an investor must execute a subscription agreement and a limited partnership agreement with such Fund. Linden is not required to contact a limited partner prior to transacting any business once a limited partner executes these documents.

## **Item 17 – Voting Client Securities**

As of the date of this filing, Linden does not vote proxies on behalf of its Funds. In the event that this changes, the Firm will adopt a Proxy Voting Policy as required by Rule 206(4)-6 under the Advisers Act to ensure that it votes proxies in the best interests of its clients and will amend this Item 17 accordingly.

## **Item 18 – Financial Information**

Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Linden does not require prepayment of Management Fees more than six months in advance or have any other event requiring disclosure under this item of the Brochure.