

## DISCLOSURE BROCHURE

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# JW Asset Management, LLC

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This brochure provides information about the qualifications and business practices of JW Asset Management, LLC (“JW Asset”). If you have any questions about the contents of this brochure, please contact us at 212 446 5362. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

JW Asset is a registered investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a confidential offering memorandum and related subscription materials.

## Item 2-Material Changes

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This Item discusses only specific material changes that are made to this brochure since the last annual update of the brochure filed in March 2021, and provides clients with a summary of such changes.

JW DealFund I, LP and JW DealFund II, LP have dissolved in accordance with their terms.

The information set forth herein is qualified in its entirety by reference to the applicable Fund's offering and governing documents (the "**Offering Documents**"). In the event of a conflict between the information set forth in this brochure and the information in the applicable Fund's Offering Documents, the Offering Documents shall control.

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## Item 4-Advisory Business

JW Asset Management, LLC (“**JW Asset**” or the “**Investment Manager**”), a Delaware limited liability company, was founded in November 2003 and provides discretionary investment management services to certain private funds as discussed below.

Jason Wild owns a 99% interest in JW Asset, with Tamar Katzburg Wild, his spouse, controlling the remaining 1%. Mr. Wild is the managing member of the Investment Manager and is responsible for all the securities selections on behalf of the Investment Manager.

Mr. Wild is the president and managing member of each of JW Asset and JW GP, LLC (“**JW GP**” or the “**General Partner**”). JW Asset serves as the investment manager for JW Growth Fund, LLC, JW Opportunities Fund, LLC, JW Opportunities Fund, Ltd, JW Opportunities Master Fund, Ltd, JW Partners, LP, JW Select Investments, LP (each a “**Fund**” and collectively, the “**Funds**”). JW Asset also provides investment management services to Insight Wellness Fund, LLC, which is managed by an unaffiliated managing member (not JW GP) and, except as noted or as the context otherwise requires, is also deemed a “Fund” for purposes of this brochure.

Mr. Wild is responsible for all of the Funds’ investment decisions on behalf of JW Asset. Mr. Wild has over 20 years of experience as a portfolio manager and a fund manager. Over the course of his career he has focused on the healthcare industry including specialty pharmaceuticals, generic drugs, and cannabis. He is the executive chairman of TerrAscend Corp. (“**TerrAscend**”), and he is also a member of the board of Vitruvias Therapeutics, Inc. (“**Vitruvias**”). Prior to the launch of JW Partners, LP in 1998, Mr. Wild was a practicing pharmacist. He graduated from Long Island University in 1996 with a Bachelor of Science in Pharmacy.

Please see Item 8 herein for a brief discussion of JW Asset’s investment strategies (collectively, the “**Strategies**”). The Strategies generally focus on healthcare, consumer and retail sectors and are tailored to each specific Fund. Important information regarding an investment in a Fund, including the specific investment strategies and policies, fees and expenses, risk factors and other material terms, are set forth in each Fund’s Offering Documents.

As of December 31, 2021, JW Asset’s discretionary regulatory assets under management were approximately \$1.17 billion.

## Item 5-Fees and Compensation

JW Asset does not have a standardized fee schedule. JW Asset generally receives a management fee of up to 2% per annum of assets under management (a) based on beginning of period or end of period assets or capital commitments (as applicable), (b) generally charged quarterly, and (c) payable either in advance or in arrears.

JW Asset as the investment manager, in its sole discretion, may waive, reduce or calculate differently the management fee with respect to certain investors in the Funds, including, without limitation, investors who are affiliates or employees of the General Partner or the Investment Manager, members of the immediate families of such persons, trusts or other entities for their benefit (“**Related Partners**”).

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and current Internal Revenue Service (“IRS”) regulations prohibit fee payments to oneself and/or an affiliate from one's IRA or other self-directed retirement account. Accordingly, such an account of an officer of the General Partner or his or her spouse will be deemed to be a Related Partner and will not be subject to management fees or Performance Profit (as defined below) allocations.

Except as otherwise provided in the relevant Fund's Offering Documents, JW Asset and/or the General Partner (as applicable) shall bear and pay (without reimbursement by the relevant Fund) all reasonable and normal overhead expenses incurred in the operation of its business, including, among other things, office expenses, rent, employee salaries, telephone, postage and clerical costs (but not accounting, legal or other professional service costs). The respective Fund will pay or reimburse JW Asset and/or the General Partner (as applicable) for all other costs and expenses incurred by or on behalf of the respective Fund or for its benefit, including, without limitation, all costs and expenses associated with the organization of the Fund, all respective Fund trading costs and expenses (such as, for example, expenses related to short sales, option premiums, brokerage commissions and fees, clearing and settlement charges, custodial fees and expenses and service fees, securities transaction costs and research costs), taxes, all interest on Fund borrowings (on margin or otherwise), all accounting and legal fees, as well as extraordinary or nonrecurring expenses (such as litigation expenses), which expenses may be paid directly by the respective Fund or reimbursed to JW Asset and/or the General Partner (as applicable).

All such fees and expenses and other important information regarding an investment in a Fund, are more fully set forth in each Fund's Offering Documents.

Clients (i.e., Funds) may terminate JW Asset's investment management services in accordance with the terms of their agreements with JW Asset. Withdrawals or redemptions by investors in a Fund are subject to the terms described in the applicable Fund's Offering Documents. Upon termination of any Client account, or a withdrawal or redemption made by an investor in a Fund, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

JW Asset deducts its management fee from the Funds' assets (other than Insight Wellness).

See Item 12 which describes the factors that JW Asset considers in selecting broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

An amount equal to 20% of each investor's share of net profits, if any, during any fiscal year, in excess of the sum of (i) the management fees paid in respect of such investor and (ii) any cumulative unrecovered net losses experienced by each investor over all prior years (subject to adjustment on withdrawal as described below) ("**Performance Profits**") will be allocated to the capital accounts of the General Partner (an affiliate of JW Asset), from the capital accounts of each investor in the Funds (other than Insight Wellness). Performance Profit allocations will be based on realized and unrealized gains for all Fund investments. In the event that an investor withdraws, is required to withdraw or makes a substantial withdrawal from a Fund at any time other than at the end of a fiscal year, a Performance Profit allocation is made from that investor's account at the time of its withdrawal or substantial withdrawal as though it were being made at the end of a fiscal year. Performance Profit allocations do not apply to Related Partners except as directed by the General Partner.

The General Partner of the Funds and/or JW Asset may be subject to conflicts of interest with respect to the Funds. JW Asset currently manages and makes investment decisions for several Funds with similar investment objectives and policies. The Funds, therefore, may compete with each other with respect to investment transactions. Furthermore, one or more of the Funds currently invests in private entities and/or start-ups in which JW Asset, its principals and/or

affiliates are also invested and which are partially or wholly controlled by JW Asset, its principals and/or affiliates.

Certain Funds may have higher Performance Profit allocations than other Funds. Such arrangements may create an incentive for JW Asset to favor those accounts with a higher Performance Profit allocation over other accounts with a lower (or no) Performance Profit allocation in the allocation of investment opportunities. JW Asset has designed and implemented policies and procedures to prevent these potential conflicts from influencing the allocation of investment opportunities among Clients. See also Item 8.

All fees and expenses and other important information regarding an investment in a Fund, are more fully set forth in each Fund's Offering Documents.

## **Item 7-Types of Clients**

JW Asset provides discretionary investment management services to seven (7) Funds.

Each Fund has a minimum investment requirement for investors as set forth in such Fund's Offering Documents. Investors also are required to meet certain eligibility standards as set forth in each Fund's Offering Documents.

In its discretion, JW Asset may enter into side letter arrangements with certain investors in a Fund ("**Side Letter Investors**") whereby JW Asset and a Side Letter Investor have agreed (or may agree in the future) to vary the Side Letter Investor's investment terms from those made available to other investors in the Fund, including but not limited to (1) the greater availability to the Side Letter Investor of certain information, disclosures and/or reports (including personnel or other changes to JW Asset or the Fund, or portfolio holdings and other information concerning the Fund's investments or the Side Letter Investor's investment), (2) the timing of the delivery to the Side Letter Investor of such information or other Fund information, disclosures and/or reports, and (3) certain other investment terms, including but not limited to reduced fees to be charged to a Side Letter Investor (management and/or incentive), shorter notice periods for redemption, more frequent dates for redemptions, timing of redemption payouts, and/or timing for subscriptions. As a result, in the future, certain Side Letter Investors may be able to act (i.e., request redemptions) on such additional information that other investors do not receive. Granting more favorable liquidity terms to certain investors may have a material adverse effect on investors not receiving such terms. A Fund also may issue additional

classes that are subject to such different terms and conditions which are similar or the same as a side letter arrangement.

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

### Methods of Analysis

JW Asset believes that it can identify value and opportunities without undue risks by applying informed decision making and skilled management and by attention to the details of each Fund's investments. As part of its research process, JW Asset will analyze many factors including, but not limited to:

- a detailed review of a company's regulatory filings and financial statements;
- information received as a result of face-to-face meetings with a company's senior management as well as meetings and site visits with management teams, suppliers, customers and industry participants;
- utilization of the Investment Manager's proprietary network of industry experts and contacts in the relevant industry; and
- insights from public and private markets to inform its view of valuation and industry trends.

Further, JW Asset's analysis depends on:

- extensive, bottom-up, due diligence of companies;
- daily news surveillance and evaluation of all positions;
- frequent management interaction in and onsite company visits when productive;
- together with trusted partners, evaluation of clinical data and regulatory developments and analysis of therapeutic products and pricing power;
- attendance at industry meetings and conferences throughout the year;
- review of SEC and FDA filings as they become public;
- analysis and review of portfolio companies, relying heavily on Mr. Wild's background as a pharmacist and 20+ years as a dedicated healthcare portfolio manager;
- concentrated portfolios of best ideas with top 10 positions usually accounting for over 50% of the portfolio (initial positions usually kept below 15% of the public equity portfolio);



- mitigated risk with respect to regulatory, political, and potential patent litigation whenever possible;
- event driven trading, covered calls and strategic short positions to reduce overall volatility when opportunities present themselves.

## Investment Strategies

JW Asset's Strategies are described briefly below:

### **JW Select Investments, LP ("JW Select")**

The investment objective of JW Select is to generate capital appreciation by making select investments and co-investments designated by the Investment Manager for the particular Class of Interests being offered at the time. Such investments and co-investments will generally be made in companies in the pharmaceutical, medical, health and wellness sectors, including companies which operate in the medical and adult-use cannabis markets. The Investment Manager focuses on the securities of companies within these sectors due to the experience and knowledge of Jason Wild in these industries. The Investment Manager will draw upon the experience of Jason Wild, a licensed pharmacist, when evaluating investment opportunities. The Investment Manager has developed an extensive network of industry contacts consisting of retail pharmacies, doctors and drug wholesalers which allows the Investment Manager to identify investment opportunities in pharmaceutical, medical, health and wellness companies before the opportunity has been identified by others in the financial community.

As of the date of this brochure, JW Select's assets are invested as follows: (i) the assets attributable to the Class B Interests and the Class D Interests are invested in TerrAscend; and (ii) the assets attributable to the Class E Interests are invested in TerrAscend which recently acquired all of Gage Growth Corp. and JW Select's Class E investment therein (collectively, the "**JW Select Investments**"). JW Select may issue additional classes of interests in the future which may hold investments other than the JW Select Investments.

JW Asset may also allocate capital of JW Select using a number of investment vehicles and strategies including the purchase and sale of common and preferred stock, stock options, index options and debt instruments. JW Select may at times take short as well as long positions, including simultaneous short and long positions, in stock and option trades involving the same security. JW Select has invested, and may continue to invest, in securities offered in public and

private offerings. JW Select may make use of margin borrowing to leverage its holdings at such times and in such amounts as JW Asset determines appropriate.

JW Select's portfolio will be driven by JW Asset's view of current market conditions and relative risk/reward characteristics. The primary strategy to be utilized by JW Asset will be based upon "bottom-up" methodology which emphasizes the potential performance of individual securities without regard to underlying macro-economic factors.

JW Asset may also apply a minority portion of JW Select's assets to short-term holdings with the objective of trading in and out of established trading ranges, with the result that the Fund may experience high levels of portfolio turnover from time to time and resulting higher trading expenses including commissions.

#### **JW Partners, LP ("JW Partners")**

The investment objective of JW Partners is to seek capital appreciation by investing primarily, but not exclusively, in growth companies in the healthcare (including companies which operate in the medical and adult-use cannabis markets), consumer and retail sectors. JW Partners invests in both public and private companies without restrictions or limits on the percentage allocations to specific investments. JW Asset seeks to capitalize on the absence of research coverage for many small and mid-sized companies by conducting its own proprietary investment research.

The investment policies of JW Partners are based upon the belief that significant profit can be realized from a sophisticated and aggressive investment strategy, often independent of general market factors. JW Partners has had and intends to continue to have a relatively concentrated portfolio by focusing its investment activities on a relatively small number and limited variety of companies, with the expectation that such a concentrated investment strategy may lead to greater returns. JW Partners has made substantial investments in companies in the business of cultivating and selling medical and adult-use cannabis, such as TerrAscend.

JW Partners is not limited to investing in any specific sector and may, within the limits established from time to time by JW Asset, pursue other investment opportunities as JW Asset may, in its sole discretion, determine. JW Asset will generally effect portfolio transactions for JW Partners without regard to holding periods and, as a result, the Fund's portfolio turnover may be high.

JW Partners may, from time to time, utilize certain investment techniques, including hedging, short-selling, margining its positions in the securities markets, securities lending, leveraging techniques, and other securities investment strategies. In certain other situations, JW Partners also may purchase or sell put or call options in connection with its positions in securities. JW Partners will invest, hold, sell, trade (on margin or otherwise), and otherwise deal in public and private securities and other intangible investment instruments. Investment instruments utilized may include publicly traded stocks, bonds, notes, options, warrants, rights, derivatives and other securities and instruments. JW Partners also may trade in publicly traded and over the counter options and invest in debt instruments.

### **JW Opportunities Master Fund, Ltd (“JW Opportunities Fund”)**

The investment objective of JW Opportunities Fund is to seek capital appreciation by investing primarily, but not exclusively, in growth companies in the healthcare (including companies which operate in the medical and adult-use cannabis markets), consumer and retail sectors. JW Opportunities Fund invests in both public and private companies without restrictions or limits on the percentage allocations to specific investments. JW Asset seeks to capitalize on the absence of research coverage for many small and mid-sized companies by conducting its own proprietary investment research.

The investment policies of JW Opportunities Fund are based upon the belief that significant profit can be realized from a sophisticated and aggressive investment strategy, often independent of general market factors. JW Opportunities Fund has had and intends to continue to have a relatively concentrated portfolio by focusing its investment activities on a relatively small number and variety of companies, with the expectation that such a concentrated investment strategy may lead to greater returns. JW Opportunities Fund has made substantial investments in companies in the business of cultivating and selling medical and adult-use cannabis, such as TerrAscend.

JW Opportunities Fund is not limited to investing in any specific sector and may, within the limits established from time to time by JW Asset, pursue other investment opportunities as JW Asset may, in its sole discretion, determine. JW Opportunities Fund may trade, buy, sell (including sell short), and otherwise acquire, hold, dispose of (using margin and other forms of leverage) and deal in financial instruments and other rights and interests including, without limitation, listed and unlisted, registered and unregistered securities of various U.S. and

international issuers, including, but not limited to, equity and equity-related securities (e.g., common stock, preferred stock, stock warrants and rights, convertible securities, “new issues” and indices related to any of the foregoing), exchange-traded funds, and other derivative instruments, currencies, interest rates, notes, bonds, warrants, debt instruments and other fixed income securities (corporate, derivative and governmental, rated and unrated, interest-only and principal-only), listed and over-the-counter derivative instruments (including credit derivatives) on all of the above instruments, rights to acquire the same of public and private issuers throughout the world, and such other instruments or interests as JW Asset deems appropriate. JW Asset will generally effect portfolio transactions for the Fund without regard to holding periods; as a result, at times the Fund’s portfolio turnover rate may be high.

JW Opportunities Fund may, from time to time, utilize certain investment techniques, including hedging, short-selling, margining its positions in the securities markets, securities lending, leveraging techniques, and other securities investment strategies. In certain other situations, the Fund also may purchase or sell put or call options in connection with its positions in securities.

#### **JW Opportunities Fund, LLC and JW Opportunities Fund, Ltd (“JW Opportunities Feeder Funds”)**

The investment objective of the JW Opportunities Feeder Funds is identical to that of JW Opportunities Fund. The JW Feeder Funds pursue their investment objectives by investing all or substantially all of their respective assets in JW Opportunities Fund.

#### **JW Growth Fund, LLC (“JW Growth”)**

The investment objective of JW Growth is to seek capital appreciation by investing in the substantial growth opportunity presented by the expansion of the legalization of medical and adult-use cannabis. In pursuing this investment objective, JW Asset uses fundamental analysis to select investments in equity and debt securities of companies in the cannabis industry, but may opportunistically invest in other financial instruments. JW Growth invests in both public and private companies without restrictions or limits on the percentage allocations to specific investments. JW Asset implements its own investment process, which includes generating ideas, sourcing deals, conducting proprietary investment research, considering investment structures, optimizing portfolio management without compromising effective risk management measures, and consistently monitoring and re-evaluating investments.

JW Asset seeks to invest JW Growth's portfolio vertically across the following cannabis subsectors: dispensaries/retail, cultivation/production, AgTech, compliance/testing, banking, and pharmaceuticals.

The primary geographic focus of JW Growth's investments is North America (U.S. and Canada) but as the growth of the legal cannabis industry continues, JW Asset may invest opportunistically across the expanded accessible market.

The investment policies of JW Growth are based upon the belief that significant profit can be realized from a sophisticated and aggressive investment strategy, often independent of general market factors. JW Asset seeks a long-term investment approach for the Fund, based on an event-driven trading strategy.

JW Growth has and intends to continue to have a relatively concentrated portfolio by focusing its investment activities on a relatively small number and variety of companies, a significant portion of which may be privately-held entities, with the expectation that such a concentrated investment strategy may lead to greater returns. JW Asset generally intends to target investments of twenty-five (25) to fifty (50) long positions and up to five (5) short positions at any one time. Notwithstanding the foregoing, the numbers and techniques described in this paragraph are guidelines only and in no way restrict JW Asset from exceeding such guidelines and numbers or employing other guidelines, as it deems appropriate, in its sole discretion, particularly when JW Asset believes it would be in the best interests of JW Growth to take advantage of specific opportunities.

The assets of JW Growth may be invested and traded in a broad variety of securities and other instruments, whether traded on exchanges, over-the counter or negotiated on electronic markets. JW Growth will invest primarily in Canadian and other North American equity and debt securities, whether long or short, however, investments may include global securities and take a broad variety of forms.

JW Growth may trade, buy, sell (including sell short), and otherwise acquire, hold, dispose of (using margin and other forms of leverage) and deal in financial instruments and other rights and interests including, without limitation, listed and unlisted, registered and unregistered securities of various U.S. and international issuers, including, but not limited to, equity and equity-related securities (e.g., common stock, preferred stock, stock warrants and rights, convertible securities, "new issues" and indices related to any of the foregoing), exchange

traded funds, and other derivative instruments, currencies, interest rates, notes, bonds, warrants, debt instruments and other fixed income securities (corporate, derivative and governmental, rated and unrated, interest-only and principal-only), listed and over-the-counter derivative instruments (including credit derivatives) on all of the above instruments, rights to acquire the same of public and private issuers throughout the world, and such other instruments or interests as JW Asset deems appropriate. JW Asset will generally effect portfolio transactions for JW Growth without regard to holding periods; as a result, at times the Fund's portfolio turnover rate may be high.

JW Growth may, from time to time, utilize certain investment techniques, including hedging, short-selling, margining its positions in the securities markets, securities lending, leveraging techniques, and other securities investment strategies. In certain other situations, the Fund also may purchase or sell put or call options in connection with its positions in securities.

#### **Insight Wellness Fund, LLC (“Insight Wellness Fund”)**

The investment objective of Insight Wellness Fund is to seek capital appreciation by investing in the substantial growth opportunity presented by the expansion of the legalization of medicinal and/or adult-use cannabis. In pursuing this investment objective, JW Asset uses fundamental analysis to select investments in equity and debt securities of companies in the cannabis industry, but may opportunistically invest in other financial instruments. The Fund will invest in both public and private companies without restrictions or limits on the percentage allocations to specific investments. JW Asset implements its own investment process, which includes generating ideas, sourcing deals, conducting proprietary investment research, considering ideal investment structures, optimizing portfolio management without compromising effective risk management measures, and consistently monitoring and re-evaluating investments.

The Insight Wellness Fund intends to have a relatively concentrated portfolio by focusing its investments on a relatively small number and variety of companies, a significant portion of which may be privately-held entities, with the goal that such a concentrated investment strategy may lead to greater returns.

## **Risks of Loss**

An investment in any of the Funds should be viewed as a speculative investment. None of the Funds is intended as a complete investment program. Each of the Funds is designed only for sophisticated investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their Fund accounts, who are financially able to maintain their investment and who can afford a loss of all or a substantial portion of their investment. There can be no assurance that the investment objectives or the strategies described above and more fully in the respective Fund Offering Documents will be achieved or will be successful. Investing in securities involves risk of loss that an investor in a Fund should be prepared to bear.

The general risks of investment are set forth below, as well as those specific to one or more of the Funds. These risk factors do not purport to be a complete list or explanation of the risks involved in each Fund. The Offering Documents applicable to a Fund include a more detailed summary of the material risks and the investment strategy for that Fund and should be read in conjunction with the risk factors identified below.

***Illiquidity.*** Securities in which a Fund invests may include positions for which there is no active trading market or which they are only thinly traded or traded over-the-counter. A Fund may purchase unregistered securities and/or restricted securities, such as trade claims, for which there is no active trading market. Further, a Fund may receive unregistered and/or registered securities in exchange for securities that it acquired before the reorganization of the relevant issuer. For these and other reasons, a Fund's portfolio of securities may be illiquid.

***General Economic and Market Conditions.*** The success of a Fund's activities will be affected by changes in general economic and market conditions, including, for example, interest rates, inflation rates, availability of credit, industry conditions, competition, technological developments, political and diplomatic events and trends, economic uncertainty, changes in laws (including laws relating to taxation of a Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). None of these conditions will be within the control of JW Asset. These factors may affect the level and volatility of the prices of securities or other financial instruments and the liquidity of a Fund's investments. Volatility or illiquidity could impair a Fund's profitability or result in losses. A Fund may maintain substantial trading

positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss. The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

***Sector Risk; Lack of Diversification.*** Since a Fund's portfolio will generally be concentrated in the healthcare sector with a focus on the pharmaceutical and cannabis industries and may concentrate its assets in a relatively small number of positions and companies, it will be less diversified than funds investing in a broader range of industries and a greater number of companies and, therefore, could experience greater volatility than more diversified funds. Many healthcare companies are relatively small and have thinly traded equity securities, may not offer products or offer a single product, may have persistent losses during a new product's transition from development to production or may experience erratic revenue patterns. In addition, the prices of the securities of healthcare companies may fluctuate widely due to patent considerations, intense competition, rapid technological change, obsolescence, and regulatory requirements of the U.S. Food and Drug Administration (the "FDA"), the Environmental Protection Agency, state and local governments and foreign regulatory authorities.

***Risks Relating to Markets.*** As the securities and options in which the Funds invest are traded on exchanges or over-the-counter, the value of such investments and the risks associated therewith vary in response to events that affect such markets which are beyond the control of the Funds and JW Asset.

***Leverage.*** A Fund may employ leverage. The degree of leverage that a Fund may utilize is generally not limited to any predetermined level. A Fund may implement leverage in any manner deemed appropriate by the Investment Manager, including by borrowing to buy securities and currencies or by entering into reverse repurchase agreements and derivative



transactions that have the effect of leveraging the Fund's investments. The amount of leverage varies and at times may be substantial. To the extent that a Fund purchases securities and currencies with borrowed funds, its net assets will tend to increase or decrease at a greater rate than would be the case if borrowed funds were not used. If the interest expense on borrowings were to exceed the net return on the assets purchased with the borrowed funds, a Fund's use of leverage would result in a lower rate of return than if the Fund's investments were not leveraged.

In the event a Fund obtains a credit facility, JW Asset's investment discretion may be subject to certain limitations prior to and/or following an event of default. For example, pursuant to the terms of the credit facility, the Fund's trading may have to abide by certain formulas, or the Fund may have to obtain the lender's consent to engage in some or all transactions while the credit facility is outstanding. After the occurrence of an event of default (whether because of nonpayment or otherwise), it is likely that, among other consequences, the lender would be entitled to assume total control of the Fund's assets and/or trading activities and no distributions would thereafter be made or redemptions effected without the lender's consent.

***Start-Up Entities.*** A Fund may invest in start-up entities and may provide all or a portion of such entities' initial capital. Start-up entities inherently have limited or no operating histories, and as such it may be difficult for the Investment Manager to evaluate the viability and/or potential prospects of any start-up entity in which a Fund invests. Investments in start-up entities involve a high degree of business and financial risk and can result in substantial losses. In the event a start-up entity in which a Fund invests is co-owned and/or controlled by principals of the Investment Manager, these risks may be enhanced, since the Investment Manager may have an incentive to make and/or maintain such investments even if they do not provide anticipated returns. There will not be any independent oversight with respect to these investments (or any investments). There is no guarantee that any of the start-up entities in which a Fund invests will be profitable.

***Cannabis Companies.*** While JW Asset limits the Funds' cannabis and cannabis-related investments to those in companies that it considers to be best-in-class, with sophisticated and high-quality manufacturing and products, the legal cannabis industry is a very young, fast-evolving industry with enormous exposure to regulation and regulatory changes. Certain of the Funds have made substantial investments in companies in the cannabis industry that have their origin in Canada, where cannabis for both adult-use and medical purposes has been legalized

nationally. Certain of those companies have expanded their operations to the United States and elsewhere, which involves an expanded set of risks.

***Regulation of Cannabis in the United States.*** Substances contained in and derived from the cannabis plant (specifically, the substances “tetrahydrocannabinols” (“THC”) and “marijuana extract”) are classified as Schedule I controlled substances under the U.S. Controlled Substances Act of 1970, as amended (the “**Controlled Substances Act**”) and are therefore illegal under federal law for any purpose. Even in those states in which the use of cannabis has been legalized, its use remains a violation of federal law, with state and federal laws regarding cannabis often conflicting. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely cause significant financial harm to the cannabis businesses in which a Fund invests and the ability of the Fund to pursue its cannabis investment strategy.

At the state level and local levels there is a bewildering patchwork of often conflicting and differing state and local laws and regulations pertaining to cannabis and cannabis-related products. As of the date of this brochure, several U.S. states and territories have passed laws for one or more of the following:

- allowing cannabis use for medicinal and/or personal consumption, including the use of cannabidiol (a non-psychoactive component of cannabis with minimal THC extract (“CBD”));
- fully or partially decriminalizing possession of cannabis or permitting or facilitating the process of having past cannabis convictions expunged, vacated, otherwise set aside or sealed from the public.

As noted above, these state laws are in conflict with the federal Controlled Substances Act, which makes cannabis sale and possession illegal on a national level. Accordingly, cannabis cannot be introduced into interstate commerce. A prior U.S. administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum (the “**Cole Memorandum**”) which was issued by Deputy Attorney General James Cole in 2013. The Cole Memorandum directed that enforcing federal cannabis laws and regulations in jurisdictions that have enacted laws legalizing medical cannabis, and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, against conduct that is in

compliance with those laws and regulations was not a priority for the U.S. Department of Justice (the “DOJ”). The DOJ did not provide (and has not provided since) specific guidelines for what state regulatory and enforcement systems would be deemed sufficient for the purpose of the Cole Memorandum.

There is no guarantee that the current administration, or any future administration, would continue the policy regarding the low priority enforcement of federal laws. A future administration in fact could decide to enforce these federal laws more strictly. Any such change in the federal government’s enforcement of current federal laws could cause significant financial damage to the Funds.

Although cannabis remains a Schedule I controlled substance, the Rohrabacher-Farr amendment (also known as the Rohrabacher-Blumenauer amendment) prohibits the use of federal funds in connection with investigating and prosecuting persons and entities complying with state medical cannabis laws. The Rohrabacher-Farr amendment has been renewed annually for the last several years as part of the appropriations process in Congress. Any failure to renew the Rohrabacher-Farr amendment or a new approach to cannabis by the DOJ could have a chilling effect on the industry’s growth and be materially adverse to the Funds and their respective cannabis portfolio investments. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future.

Through due diligence and appropriate warranties and covenants in its investment documentation, as well as its rights as an investor in portfolio companies, each Fund will seek to avoid investing in companies whose businesses may run afoul of guidance provided in the Cole Memorandum. However, it remains the case that the business of certain cannabis portfolio companies will be illegal under federal law and that by investing in the Funds, investors may be deemed to be violating federal law. There are no assurances that investments in the Funds’ portfolios will not subject the investors to arrest, criminal prosecution, civil penalties, criminal or civil forfeiture of personal assets, loss of federal benefits, or other criminal, civil, or administrative consequences. Investors should be aware that cannabis may never be legalized federally in the United States.

Although the cultivation of industrial hemp (defined as cannabis and cannabis derivatives with no more than 0.3% of THC on a dry weight basis) was made legal in the United States in late 2018 with the enactment of the Agriculture Improvement Act of 2018 (the “Farm Act”), the

FDA has since issued a statement declaring that despite the new status of hemp, CBD remains illegal to add to food or health products without the agency's approval. As a result, the FDA may regard the promotion of the Funds' cannabis-based investments as the promotion of an unapproved drug in violation of the U.S. Federal Food, Drug and Cosmetic Act of 1938, as amended (the "FDCA"). The FDCA is a set of laws giving authority to the FDA to oversee the safety of food, drugs, medical devices, and cosmetics. While the FDA has stated that it recognizes the significant public interest in cannabis and cannabis-derived compounds, particularly CBD, it also maintains that there are many unanswered questions about the science, safety, and quality of products containing CBD. The FDA continues to view CBD as not Generally Recognized as Safe (GRAS). The FDA cautions that CBD products continue to be subject to the same laws and requirements as FDA-regulated products that contain any other substance. Except for one prescription drug to treat rare, severe forms of epilepsy, to date the FDA has not approved any CBD products. FDA enforcement action against the Funds' cannabis portfolio companies could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products, or a partial or total suspension of the products or distribution of such portfolio companies. Such events, if they occurred, could have a material adverse effect on the Funds' respective businesses, prospects, financial condition and operating results. Any rulemaking or pronouncements by the FDA may increase compliance costs of the Funds' cannabis portfolio companies or further restrict the marketing and sale of affected products.

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and is expected to continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicly-available information. Future research, reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or public information could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Funds' respective cannabis portfolio

investments, and in turn, of the Funds. Further, adverse publicity, reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have a material adverse effect on the Funds. Investors should be aware that cannabis may never be legalized federally in the United States.

***Portfolio Companies May Have Difficulty Operating in the Face of Stringent and Inconsistent Regulation.*** As a consequence of cannabis' classification as a Schedule I substance under the Controlled Substances Act and U.S. anti-money laundering ("AML") laws under the U.S. Bank Secrecy Act of 1970, as amended (the "**Bank Secrecy Act**"), cannabis-related companies may not be able to open or maintain bank accounts or access products and services of traditional financial institutions, such as credit facilities and payment processing. In February 2014, following the issuance of the Cole Memorandum, the Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury Department issued guidance (the "**FinCEN Guidance**") (which is non-binding and revocable) for financial institutions providing banking services to cannabis-related businesses. The FinCEN Guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Under the FinCEN Guidance, financial institutions are required to file suspicious activity reports ("**SARs**") when conducting transactions involving funds derived directly or indirectly from a cannabis-related activity, irrespective of whether such activity is conducted in compliance with applicable state law. In filing a SAR, a bank or other financial institution may be obligated to conduct burdensome due diligence and ongoing monitoring of a portfolio company's business activities prior to providing services to the portfolio company, which may delay financial transactions and otherwise adversely affect the financial condition of the portfolio company. For these reasons, most banks and other financial institutions in the United States are generally not comfortable providing banking services, or processing credit/debit card payments to cannabis-related businesses even if they rely on, and fully comply with, the FinCEN Guidance. Consequently, businesses involved in the cannabis industry often have limited or no access to banking or other financial institutions in the U.S. willing to process their deposits, or provide cash management and checking services. Working capital and term loans are not generally available to the industry from traditional bank lenders. Predatory non-bank lenders have stepped in to prey on smaller companies in the space.

Furthermore, as mentioned above, U.S. federal anti-money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization

that sells a controlled substance, regardless of whether the state in which it resides permits cannabis sales. Consequently, businesses involved in the cannabis industry, including the Funds and their respective portfolio companies, often have trouble finding a bank or other financial institutions willing to accept their business. Operating in cash is unsafe and untenable. The inability to open bank accounts makes it difficult for the cannabis portfolio companies in which the Funds invest to conduct business and grow. Moreover, the success of the Funds depends in part upon their ability to select service providers. Unlike other private funds that do not invest in the cannabis industry, the Funds may experience challenges in retaining the services of certain third-parties as a result of its cannabis-related investment strategy, which limits the universe of potential service providers that the Funds would otherwise be able to engage.

Laws and regulations affecting the cannabis industry are constantly changing, which could detrimentally impact the businesses in which the Funds invest. The cannabis companies in which the Funds invest are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage, distribution, promotion, sale, and disposal of cannabis and cannabis-related products, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Litigation, complaints and enforcement actions could consume considerable amounts of financial and other corporate resources of the Funds' respective cannabis portfolio companies, which could have a negative impact on their sales, revenues, profitability and growth prospects.

Local, state and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the Funds and their respective cannabis portfolio companies to incur substantial costs associated with compliance or alter their respective business plans. In addition, violations of these laws and regulations, or allegations of such violations, could disrupt the Funds' respective businesses and result in a material adverse effect on their operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to cannabis portfolio companies and the Funds. JW Asset cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on cannabis portfolio companies and the Funds.

Companies involved in the cannabis industry face intense competition, may have limited access to the services of banks and insurers, may have substantial burdens on company resources due

to litigation, complaints or enforcement actions, and are heavily dependent on receiving necessary permits and authorizations to engage in medical cannabis research or to otherwise cultivate, possess or distribute cannabis and cannabis-related products.

Many variations exist among states that have legalized, decriminalized, and/or created medical cannabis exemptions. For instance, some states require vertically integrated cannabis businesses and other states prohibit vertical integration. These conflicts and variations make it difficult for the Funds' respective cannabis portfolio investments to gain scale and efficiency.

***Bankruptcy Protection Currently Not an Option for Cannabis Companies.*** Because it remains a federal crime to grow, distribute, possess or use cannabis, bankruptcy generally is not an option for failing cannabis-related businesses (including businesses that are not directly involved with cultivating or dispensing cannabis), even those that are legal under state law. The policy of the U.S. Trustee Program which oversees the administration of bankruptcy cases and private trustees, is to seek dismissal of cannabis bankruptcy cases that cannot lawfully be administered on the grounds that (i) the bankruptcy system should not be used as an instrument in the ongoing commission of a crime and reorganization plans that permit or require continued illegal activity may not be confirmed, and (ii) bankruptcy trustees and other estate fiduciaries should not be required to administer assets if it would cause them to violate federal law. To the extent the Funds' portfolio companies are involved in cannabis and cannabis-related businesses, they and their creditors will not enjoy the same bankruptcy protections that would be available to them if they were not involved in cannabis and cannabis-related businesses.

***Inability to Protect Intellectual Property Rights.*** Cannabis portfolio companies will not be able to register U.S. federal trademarks for their cannabis products and trademark infringement actions are routinely dismissed. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the Controlled Substances Act, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, cannabis portfolio companies will be unable to protect their cannabis product trademarks on a national level and may be forced to rely on individual state trademark registrations that will not extend beyond the particular state, thus inhibiting the creation of national brands. The use of its trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

**Advertising Challenges.** Federal illegality severely limits the ability of cannabis companies such as those in which the Funds may invest to advertise and promote their cannabis and cannabis-related goods and services on a national scale. The Controlled Substances Act prohibits persons from using communications facilities (i.e., “any and all public and private instrumentalities used or useful in the transmission of writing, signs, signals, pictures, or sounds of all kinds and includes mail, telephone, wire, radio, and all other communications”) to transmit advertisements of Schedule I controlled substances such as cannabis. Persons are similarly prohibited from knowingly or intentionally using the internet to “advertise the sale of, or to offer to sell, distribute, or dispense” controlled substances. Social media such as Facebook, Twitter and Yelp routinely remove cannabis advertising. Finally, the U.S. Postal Service takes the position that “advertisements for the sale of marijuana are non-mailable.”

**Tax Risks Related to Controlled Substances.** Section 280E of the Code (“**Section 280E**”) <sup>1</sup> prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. operating in compliance with applicable state laws. Accordingly, the bulk of operating costs and general administrative costs are not permitted to be deducted thus lowering the after-tax income of operations in the industry and also making valuations difficult to peg for the purposes of financings and mergers and acquisitions transactions. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

U.S. states where medical and/or adult-use cannabis is legal have or are considering special taxes, excises, or fees related to the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes, excises, and fees. The implementation of special taxes, excises, or fees could have a material adverse effect upon the businesses, results of operations and financial condition of the cannabis portfolio investments of the Funds.

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<sup>1</sup> See 26 USC 280E (providing that “no deduction or credit shall be allowed of any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances which is prohibited by federal law....”).



***The Effect of State Civil and Criminal Laws on Investors, the Investment Manager, and the General Partner.*** Although cannabis portfolio companies may conduct business in compliance with state rules and regulations in those states that have passed cannabis legislation and adopted regulations, the General Partner, the Investment Manager and/or their respective affiliates, shareholders, principals, members, partners, managers, directors, officers and employees (collectively the “**Affiliated Persons**”) and the investors in the Funds theoretically face exposure in those states that have not passed cannabis legislation. Affiliated Persons and investors in the Funds located in states where cannabis remains illegal may be at risk of prosecution under state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. States may take action to prevent the proceeds of cannabis businesses from entering their state. Because legalization in these states is so new, it remains to be seen whether these states would take such action and whether a court would approve any such action. Prospective investors should be aware of these potentially relevant state laws in considering whether to invest in the Funds.

a. Conspiracy/Aiding and Abetting

An individual who invests in or otherwise assists a cannabis-related business could potentially face criminal liability under state conspiracy and/or aiding and abetting laws on the theory that the individual has conspired with or assisted another to sell cannabis, conduct that remains a crime in many states. The laws of several states provide, for example, that a person can be convicted of a crime under state law if, among other things, any element of the crime occurred within the state, or if a conspiracy or criminal solicitation occurred in the state. Thus, if any communications between an investment fund (such as a Fund) and a cannabis-related business occurred in a state where cannabis is illegal, or if such investment fund is based in a state where cannabis is illegal and wired its investment from that state, such investment fund’s conduct may render it vulnerable to prosecution under state law for conspiring or aiding another to sell cannabis.

b. Money Laundering

Affiliated Persons and investors should also be aware of the potential impact of state anti-money laundering statutes. Many state anti-money laundering statutes, for example, criminalize any financial transaction by any person that involves the proceeds of various types of “criminal conduct,” including selling controlled substances. “Criminal conduct” for purposes

of the statutes include “conduct committed in any other jurisdiction which is or would be a crime under the laws” of the home state.

New York, for example, provides an exception for crimes consummated in another state where the relevant conduct is legal. However, the application of such exception in this context is untested and remains uncertain. The crime of receiving in New York the proceeds of Colorado cannabis sales (unlike the crime of conspiring in New York to sell cannabis in Colorado) could involve a crime that is consummated in New York, where the financial transaction takes place. Regardless, the underlying crime of selling cannabis remains illegal under federal law.

c. Criminal and Civil Forfeiture

As entities that invest in or service cannabis-related businesses, the Funds are potentially subject to state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for a state (or local police force) that wants to discourage residents from conducting transactions with cannabis-related businesses but considers criminal prosecution excessive or disproportionate under certain circumstances. Also, an individual can be required to forfeit property that is the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Depending on the state’s laws, rather than having to establish liability beyond a reasonable doubt, the state may be required to prove that the money at issue is proceeds of a crime only by either clear or convincing evidence or a mere preponderance of the evidence.

***The Federal Government May Change the Classification of Cannabis.*** The ability of cannabis portfolio companies to compete in the future will depend not only on the effectiveness of their business models and the value of their intellectual property and proprietary and licensed technology, but also on legal developments impacting the cannabis industry. Cannabis is currently classified as a Schedule I substance under the Controlled Substances Act, and as such is subject to the strictest possible controls. If the federal government reclassifies cannabis as a Schedule II controlled substance, the Funds and their respective cannabis portfolio companies may face greatly increased competition from new entrants into the cannabis industry, many of which may be larger and better capitalized, including pharmaceutical companies, consumer packaged goods companies, and tobacco companies, and there may be a resulting negative impact on the Funds’ profitability and financial results.

***Enhanced Scrutiny By Securities Regulators.*** A Fund may seek to facilitate the acquisition of a portfolio company by a cannabis company that has publicly traded equity and/or debt securities, in which case the Fund may receive publicly traded securities of the acquiring company as part of any such transaction. In addition, one or more portfolio companies may conduct an initial public offering of its equity securities. As a stockholder of a publicly traded cannabis company, a Fund may be subject to special risks currently associated with such companies, including those arising out of the enhanced scrutiny by securities regulators.

Publicly-traded cannabis companies have been subject to increasing scrutiny by various federal and state securities regulators due to the expanding legalization of cannabis under state laws and recent negative publicity regarding alleged stock scams and market manipulation involving certain cannabis companies. Because publicly-traded cannabis companies can often be small, and experience significant price volatility, the SEC has been particularly vigilant in initiating enforcement actions against a cannabis company at the first sign of concern over the company's public reporting or securities trading. The SEC and FINRA have both issued alerts concerning the risks of investing in publicly-traded cannabis-related companies. The SEC's scrutiny also extends to the directors and executives of cannabis companies. Since JW Asset has and intends to seek board representation and management roles in the cannabis portfolio companies in which the Funds invest, and may seek similar positions in an acquiring cannabis company, there is a risk that principals or other key management personnel may become involved in regulatory or civil actions. If the SEC or a state securities agency decided to focus its attention on cannabis companies, any regulatory action against a portfolio company in which a Fund invests would take the time and attention of the company's management personnel away from the business of the portfolio company and potentially result in significant legal fees and financial penalties which could adversely affect the returns of such Fund.

The significant market volatility and negative reputation of some publicly-traded cannabis companies may also adversely impact the potential for any portfolio company in which a Fund invests to initiate a public offering of its securities. A cannabis portfolio company seeking to engage in an initial public offering may not be able to identify a reputable underwriter willing to sponsor its offering or an exchange willing to list its securities for trading, and may not receive approval from the SEC to register its offering under the U.S. Securities Exchange Act of 1934, as amended (the "Securities Exchange Act").

***Limited Access to Insurance.*** The Funds' respective cannabis portfolio companies are likely to face increased costs for insurance, such as workers compensation, general liability, and directors and officers insurance, that is otherwise readily available to traditional businesses. There are no guarantees that cannabis portfolio companies will be able to find such insurance in the future, or that the cost will be affordable. Standard commercial general liability (CGL) insurance policies contain common exclusions for Schedule I controlled substances, banned substances or other substances that constitute a "health hazard". As a result, these policies are often not adequate to protect a policyholder in the cannabis industry. While a small number of insurance carriers are writing CGL policies that will provide adequate coverage to participants in the cannabis industry, cannabis businesses may struggle to secure adequate insurance either because insurers will simply not write the policies or, if a policy is obtained, the aforementioned standard policy exclusions will render coverage illusory. If a cannabis portfolio company is forced to operate without insurance or without adequate insurance, it may, as a result, be prevented from entering certain profitable business sectors and be exposed to additional risks and financial liabilities. Furthermore, even if an insurance policy provides suitable coverage for cannabis-related risks, the coverage may not be enforced by the courts if deemed to be in violation of public policy.

***Licensing Requirements for the Cultivation, Processing and Distribution May Vary From State to State.*** Most of the Funds' U.S.-based cannabis portfolio companies will be required to obtain and maintain a separate license or registration for each state in which they operate in order to be able to cultivate, manufacture, distribute or sell cannabis and cannabis-derived and related products. If a cannabis portfolio company fails to obtain or maintain the required state or local licenses, it will be unable to conduct business. Failure to secure or maintain required state or local licenses, or unanticipated delays in obtaining those licenses or other regulatory approvals, could occur for a variety of reasons. Failure by one or more cannabis portfolio companies to meet all necessary requirements and to obtain all necessary approvals or licenses could have a material adverse effect on the Funds' respective businesses, prospects, financial condition and operating results.

***Product Liability and Other Claims and Actions.*** Because the products of certain of the Funds' respective cannabis portfolio companies will be consumed or otherwise used by humans or animals, injury could result therefrom, thus exposing those portfolio companies to the risk of product liability claims. Cannabis products manufactured, distributed and/or sold by portfolio

companies may become contaminated (during storage or transportation, for example) or may be tampered with by third parties, creating a risk of injury to consumers. In addition, as treatment and dosing protocols for medical cannabis are still evolving, patient under-dosing or overdosing may occur, resulting in adverse patient reactions. Federal illegality precludes the availability of long-term studies on the safety and efficacy of cannabis use. Portfolio companies may face product liability claims as a consequence of, among other things, any of the aforementioned. Any such claims, regardless of whether they are successful, may result in significant costs or damage to a portfolio company's reputation with patients and consumers, with a consequent material adverse effect on the portfolio company's contributions to the Funds' respective financial condition. There can be no assurance that portfolio companies will be able to obtain and maintain product liability insurance on acceptable terms or that this insurance will be available to them or will provide adequate protection against liabilities resulting from potential product liability claims.

***Consumer Class Actions.*** As the cannabis industry grows, and companies in the industry become larger with significant assets and as insurance for such companies becomes more available, there comes a much greater risk of consumer class action lawsuits against such companies. The Funds' portfolio companies are vulnerable to class actions because state regulations are generally very onerous making it easy for plaintiff lawyers to identify a product that is technically adulterated, contaminated or mislabeled and then file a consumer class action under state consumer protection laws. In addition, the FDA's position with respect to adding CBD to the food supply has resulted in a number of class actions demanding a recall and refund for food, drinks, and supplements containing CBD. A consumer class action brought against a cannabis portfolio company could have a materially adverse effect on the financial condition of such portfolio company and that of the Fund.

***Competition for the Acquisition of Properties Suitable for Growing, Processing, or Distributing Cannabis by Businesses Licensed to Engage in Such Activity Under State Law May Impede the Portfolio Companies' Activities.*** The Funds' respective cannabis portfolio companies may face competition for the acquisition of properties suitable for the cultivation, processing and dispensing of cannabis with other entities engaged in agricultural and real estate investment activities, including corporate agriculture companies, other cultivators and producers of cannabis, real estate companies, retail businesses and private real estate investors. The availability of suitable properties may also be restricted as a result of local

zoning rules, which may prohibit the establishment of cannabis-related businesses in specific localities, regardless of whether such businesses are duly licensed under state law. Competitors for available real estate may prevent the Funds' cannabis portfolio companies from acquiring desirable properties or may cause an increase in the price paid to lease or purchase properties. In addition, due to a number of factors, including but not limited to greater clarity of the laws and regulations governing medical-use cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If the Funds' respective portfolio companies pay higher prices for real estate, the Funds' profitability may decrease, and the Funds may have a lower return on investment.

***Agricultural Risks.*** Cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases, and similar agricultural risks. Although cannabis plants are usually grown indoors and in green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on production and, consequentially, on the business, financial condition and operating results of the Funds' respective portfolio investments. Cannabis growers may also be subject to complaints and litigation or threats of litigation based on claims such as for noise, smell, negative impact on property value, and impact on soil quality and nearby crops.

***Cannabis Regulation Internationally.*** The United Nations Single Convention on Narcotic Drugs of 1961 (the “**1961 Convention**”) and the Convention on Psychotropic Substances of 1971, to which most nations of the world are party, categorize substances on four schedules, according to their medical value and risk to public health and generally prohibit production and supply of specific substances. Until December 2, 2020, cannabis and cannabis resin had been listed on both Schedules I and IV of the 1961 Convention. Schedule IV is a classification of drugs with “particularly dangerous properties”, including narcotics such as fentanyl, heroin and other opioids. In January 2019, the Director General of the World Health Organization (the “**WHO**”) recommended to the Secretary General of the United Nations that cannabis extracts and tinctures be removed from Schedule IV, so as to facilitate research for medical and scientific purposes but remain on Schedule I, which is the least restrictive classification under the 1961 Convention. The WHO also recommended that preparations containing predominantly CBD and up to 0.2% THC not be under international control. On December 2, 2020, the UN Commission

on Narcotic Drugs (CND) voted in favor of removing cannabis and cannabis resin from Schedule IV of the 1961 Convention but not the other recommendations.

Non-U.S. cannabis portfolio companies in which the Funds invest will be subject to the laws and regulations governing the sale and use of cannabis and cannabis-related products and services in the jurisdictions in which they operate or have their principal place of business, which may be less developed than the laws and regulations in the United States, or which may impose more burdensome restrictions that prevent the portfolio companies from fully implementing their business strategies.

The operation of cannabis-related businesses in non-U.S. jurisdictions may also be subject to greater governmental involvement and control as well as an increased possibility of interference by organized crime and/or public corruption. Portfolio companies may be required to acquire and maintain various licenses and registrations from local governmental agencies to operate cannabis-related businesses within the non-U.S. jurisdiction. The requirements for such licenses and registrations may be subject to change without notice by the local governmental agencies so there can be no guarantee that the portfolio companies will be able to maintain all necessary licenses and registrations to continue operating their businesses.

Because the use and sale of cannabis is illegal under U.S. federal law and may be illegal in certain non-U.S. jurisdictions, portfolio companies which transport cannabis or cannabis-related products across international borders, including the United States, may be subject to criminal penalties, including fines, forfeiture and incarceration of management or other personnel, for violating federal or foreign drug trafficking laws. In addition, (i) the use of the U.S. banking system or certain non-U.S. banking systems to transfer proceeds derived from cannabis-related businesses could be a violation of federal or foreign anti-money laundering laws and (ii) a finding by a U.S. or foreign court that a portfolio company employee has engaged in the bribery of a foreign official could be a violation under the U.S. Foreign Corrupt Practices Act or related foreign laws. Any prosecutorial action against any portfolio companies in which the Fund invests could adversely affect the investment returns of the Funds.

Before investing in any cannabis-related company organized or operating in any non-U.S. jurisdiction, JW Asset will consult with local counsel, as needed, and other experts in order to minimize the possibility that such investment will expose the General Partner, the Investment Manager, the relevant Fund, and their affiliates to the risk of prosecution for violating any

foreign or international laws. However, there can be no assurance that any such risk can be completely mitigated despite such efforts in the event of a sudden change in local or international law, political regime, or regulatory interpretation. If a foreign or international authority brings an action or suit against the General Partner, the Investment Manager, the relevant Fund, and/or their affiliates for violating any laws or regulations, the costs of defending any such action or suit may be substantial, even if the Fund ultimately prevails in its defense.

The Funds' respective investments in this sector are dependent on the continued market acceptance, and the proliferation of consumers, of medical and recreational cannabis. However, in addition to regulatory challenges, the Investment Manager cannot predict the future growth rate or future market potential, and any negative outlook on the cannabis industry may adversely affect the Funds' respective investments.

***Conflicts of Interest.*** JW GP and/or JW Asset may be subject to significant conflicts of interest with respect to a Fund. For example, JW Asset currently manages and makes investment decisions for several Funds with similar investment objectives and policies. The Funds, therefore, may compete with each other with respect to investment transactions. Furthermore, one or more Funds currently invest in TerrAscend, private entities and/or start-ups in which JW Asset, its principals and/or affiliates are also invested and which are partially or wholly controlled by JW Asset, its principals and/or affiliates. As a result of the investment in and/or control of such entities by JW Asset, its principals and/or affiliates, JW Asset may have incentive to make and/or maintain such investments even if they are not performing well and there will not be any independent oversight with respect to such investments as set forth above.

***Reliance on JW GP, JW Asset, and Jason Wild.*** Certain management decisions with respect to the Funds are made by JW GP, although investment management responsibilities with respect to the Funds have been delegated by JW GP to the Investment Manager. In this respect, the Investment Manager has full discretionary authority to identify, structure, execute, administer, monitor and liquidate investments of the Funds. In exercising their authority, JW GP and the Investment Manager have no responsibility to consult with any investor in a Fund. Investors have no right or power to take part in the management of the Funds. Accordingly, no person should purchase an interest in a Fund unless such person is willing to entrust all aspects of the management of such Fund and the investment of its assets to JW GP and the Investment Manager, as applicable.



For the foreseeable future, it is expected that Jason Wild will be the only person making investment decisions on behalf of the Investment Manager. As a result, the Funds' potential for success is expected to be completely dependent on Mr. Wild's abilities to manage the Funds' respective investments, and the Funds would be severely adversely affected and will likely engage in orderly wind-down in the event the Investment Manager loses Mr. Wild's services for any reason.

***Participation on Boards, Creditor Committees and Other Advisory Committees.*** The Investment Manager anticipates that a Fund's investment program will enable the Fund to place its representatives on the boards, creditor committees and/or other advisory committees of certain companies in which the Fund has invested. While such representation may enable the Investment Manager to be more involved and obtain greater transparency with respect to such companies and also enhance the sale value of the Fund's investments therein, such representation also may prevent the Fund from freely disposing of investments and may subject the Fund to additional liability. In addition, the Fund's representatives who serve on such boards and/or committees have in the past and may in the future receive compensation from certain of these companies for their services. The receipt of such compensation creates a conflict of interest when the Investment Manager is making investment decisions concerning the companies in question. The Investment Manager has adopted compliance policies and procedures to identify such potential conflicts and, with active involvement of outside regulatory counsel, to take affirmative steps to mitigate any such potential conflict. Among other things, such policies and procedures require an employee of the Investment Manager to resign immediately from any representation that creates an actual conflict between the duties of the employee for the Investment Manager and the duties of the employee as a board representative for another company or entity. On behalf of each Fund, the Investment Manager will attempt to balance the advantages and disadvantages of such board, creditor committee or advisory committee representation when deciding whether and how to exercise a Fund's rights with respect to such opportunities to participate in the management of such companies. The exercise of such rights on behalf of a Fund could produce adverse consequences in particular situations, including without limitation, increased risk of litigation.

As discussed herein, Jason Wild is the Executive Chairman of TerrAscend as well as a large investor therein when taking into account the securities of TerrAscend held by entities under his control. Mr. Wild also serves on the board of Vitruvias. Jason Klarreich, the Chief Financial

Officer and Chief Compliance Officer of JW Asset, is a member of the boards of CityRow Holdings, Inc. and Fyllo (Casters Holdings Inc.). Certain other personnel of the Investment Manager currently serve on the boards of portfolio companies held by one or more limited partnerships, limited liability companies and other investment vehicles, including entities for which JW Asset, JW GP and/or their respective affiliates serve as investment manager, director, general partner, managing member, or another capacity, and may in the future hold investments in portfolio companies for which personnel of the Investment Manager serve on the board.

***Investment Selection.*** If permitted, a Fund may engage in short sales, hedging, option trading, leverage and other strategies from time to time. A short sale will result in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale will result in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Fund may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Fund's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but theoretically unlimited risk of loss. Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit.

Depending on a Fund's particular investment strategy, the Fund will invest in publicly traded and/or non-publicly traded securities including common stocks, preferred stocks, stock warrants and rights, bonds, debentures, convertible securities, and other debt obligations. It may also invest in interest bearing or interest rate sensitive marketable securities, forward contracts, currencies and other financial instruments and engage in short sales of securities. A Fund may invest on margin and may employ other leveraging strategies which can increase the profit potential of a securities portfolio but also increase the risk of loss and portfolio volatility. Margin trading requires the pledge of the Fund's securities as collateral, and margin calls can result in the Fund being required to pledge additional collateral at the risk of being required to liquidate its securities holdings, which can result in the need to sell portfolio securities at substantial losses that would not otherwise be incurred.

A Fund may lend securities to broker-dealers and other institutions as a means of earning additional income; such securities lending can be a significant source of revenue for a Fund. If the borrower becomes bankrupt or insolvent, the Fund could experience delays and costs in recovering its securities. To the extent that, in the meantime, the value of securities lent changes, a Fund could experience further losses. Security loans must be fully collateralized, and JW GP and/or JW Asset must be satisfied with the creditworthiness of the other party to the transaction.

A Fund may buy and sell options (including purchasing special expiration price options) to manage its exposure to changing interest rates, security prices and currency prices. Some options strategies, including buying puts and writing calls, hedge the Fund's investments against price fluctuations. Other strategies, including writing puts and buying calls, tend to increase market exposure. A Fund may invest in options based on any type of security or index related to its investments, including options traded on foreign exchanges and options not traded on exchanges. Options can be volatile investments involving a high degree of risk. If a Fund applies a hedge at an inappropriate time or judges market conditions incorrectly, options strategies may reduce the Fund's return. Options traded on foreign exchanges generally are not regulated by United States authorities and may offer less liquidity and less protection to the Fund if the other party to the contract defaults. A Fund could also experience losses if the prices of option positions were to be poorly correlated with its other investments, or if it could not close its positions because of an illiquid secondary market.

A Fund may also purchase put and call options on one or more baskets of securities of issuers in a particular industry or sector that JW Asset believes will increase or decrease in value generally as a group.

Investing in securities of non-U.S. companies, which are generally denominated in non-U.S. currencies, and in forward foreign currency exchange contracts, involves unusual risks not typically associated with investing in U.S. companies. These risks include, but are not limited to, less public information available regarding non-U.S. issuers, limited liquidity of non-U.S. securities and political risks associated with the countries in which non-U.S. securities are traded and/or in which non-U.S. issuers are located. A non-U.S. economy may differ favorably or unfavorably from the U.S. economy in, among other things, its growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency and balance of payments positions. A Fund may invest in securities of non-U.S. governments (or

agencies or subdivisions thereof), as to which some or all of the foregoing considerations may also apply.

Any of such strategies that a Fund employs should be expected to increase a Fund's transaction costs, interest expense and other costs and expenses. No assurance can be given that short sales, hedging, leverage and other techniques and strategies will not result in material losses for the Fund.

A Fund may have higher portfolio turnover than other investment funds. The brokerage commissions and other transaction costs incurred by a Fund will generally be higher than those incurred by a fund with a lower portfolio turnover rate.

Investors in a Fund will have no opportunity to select or evaluate the investments or strategies of a Fund. All such investments and strategies are and will be selected by JW Asset or its delegees, if any.

***Absence of Regulatory Oversight.*** The offering of interests in the Funds has not been registered or qualified under U.S. securities laws, including the Securities Act, or the laws of any applicable jurisdiction. None of the Funds will register as an investment company under the Investment Company Act of 1940, as amended (the “**Company Act**”), in reliance upon the exclusion from the definition of an “investment company” provided by Section 3(c)(7) or 3(c)(1) of the Company Act. Accordingly, investors do not have the benefit of all of the protections afforded by the Securities Act (which, among other things, requires specified disclosure in connection with the offering of securities) or the Company Act (which, among other things, would require that a fund’s board of directors, including a majority of disinterested directors, approve certain of its activities and contractual relationships, prohibit certain trading and investment activities, and prohibit such fund from engaging in certain transactions with its affiliates), nor have the Offering Documents of any Fund been reviewed or approved by any governmental or regulatory body. The Funds generally will maintain custody of their assets at brokerage firms that do not separately segregate such assets as would be required in the case of firms dealing with registered investment companies. Under the provisions of the Securities Investor Protection Act of 1970, as amended, the bankruptcy of any such brokerage firm may have a greater adverse effect on a Fund than would be the case if a Fund maintained its accounts in the manner required by the Company Act for registered investment companies.

***Return of Investments.*** If a Fund should become insolvent, the investors therein may be required to return with interest any distributions representing a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

***Tax Aspects.*** The tax aspects of an investment in a Fund are complicated and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and the relevant Fund. A (Delaware) Fund is not intended and should not be expected to provide any tax shelter, but is generally organized as a partnership to permit any distributions it might make to be made without being taxed as dividends. For a more detailed discussion of the income tax considerations associated with an investment in a Fund, see the discussions contained in the Offering Documents. Prospective investors are urged to consult their own tax advisers concerning the effect of federal, state and local taxes on an investment in a Fund.

***Special Situation Investments.*** From time to time, a Fund may invest its assets in privately offered or other securities, structured products, derivative transactions or any other financial instruments, assets or investments that JW Asset, in its sole discretion, determines (i) are difficult to value or liquidate, (ii) are subject to regulatory, contractual or other restrictions on disposition, (iii) may have current values that do not accurately, reasonably or fairly reflect intrinsic, true or potential value or (iv) would be in the interests of the investors to maintain their respective exposures to such securities, products, transactions, instruments, assets or investments in special situation sub-accounts (each such security, product, transaction, instrument, asset or investment held by an open-end Fund, a “**Special Situation Investment**”).

A Fund has and may invest a significant portion of its assets in one or more Special Situation Investments. Because of the absence of any trading market, or of the limited trading available, for Special Situation Investments, a Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Accordingly, a Fund's ability to respond to market movements may be impaired, and a Fund may experience adverse price movements upon liquidation of its Special Situation Investments. Although these securities may sometimes be resold in privately negotiated transactions, the prices realized on such sales could be less than those originally paid by the Fund and less than the fair market value of the Special Situation Investments sold, as determined by the third party valuation agent retained by the Investment Manager to value them. Additionally, accurately valuing and realizing such investments, or closing out positions in such investments at appropriate prices, may not always

be possible. Any investment in a Special Situation Investment by a Fund will be subject to the deduction of management fees and will be taken into account for purposes of determining the Performance Profits in the same manner as all other investments of the Fund, as described herein. An investor will not be able to withdraw any portion of its interest in a Fund participating in any Special Situation Investment prior to the Disposition of such Special Situation Investment, and therefore may have to retain its interest in such Special Situation Investment for years after it has otherwise entirely withdrawn from the Fund and irrespective of changes in its own or general economic conditions.

In addition, JW GP, in its sole discretion, may allow investors who invest in a Fund after the date on which a Special Situation Investment was acquired or designated as such by the Investment Manager to participate in such Special Situation Investment, thereby diluting the interests of existing investors participating in such Special Situation Investment. Although Special Situation Investments may be valued annually (or more frequently) by a third party valuation agent retained by the Investment Manager, there can be no assurance that such valuations will reflect the true fair market values of the Fund's Special Situation Investments at the time such additional investors invest in the Fund.

***Limited Diversification; Concentration of Investments.*** Certain of the Funds invest most if not all of their available capital (other than capital the Investment Manager invests in certain permitted short-term cash equivalents) in a small number of investments (such as TerrAscend). As a result of this narrow investment focus, such Funds' investment portfolios will necessarily be more vulnerable to risk than a diversified portfolio. Generally no standards or restrictions have been established to limit the concentration of the Funds' respective portfolios in certain investments, and the Funds may have extremely focused (i.e., limited) diversification for substantial periods of time. The degree of the market risk to which a Fund is exposed will be inversely proportional to the degree to which a Fund's portfolio is diversified.

***Factual Statements, Projection, and Other Information.*** Certain of the factual statements made in this brochure are based upon information from various sources believed by JW Asset to be reliable. Neither JW GP nor JW Asset has independently verified any such information and shall have no liability for any inaccuracy or inadequacy thereof. Except to the extent that legal counsel has been engaged solely to advise as to matters of law, no other party (including legal counsel to a Fund and the General Partner) has been engaged to verify the accuracy or adequacy of any of the factual statements contained in this brochure. In particular, neither legal counsel

nor any other party has been engaged to verify any statements relating to the experience, track record, skills, contacts or other attributes of the members of the General Partner or to the anticipated future performance of a Fund. Any estimates or projections as to events that may occur in the future are based upon the best judgment of the General Partner and JW Asset. There is no guarantee that any of these estimates or projections will be achieved. Actual results will vary from the projections and such variations may be material. Nothing contained herein is, or shall be relied upon as, a promise or representation as to the past or future.

The foregoing does not purport to be a complete explanation of the risks involved in trading securities or with respect to any investment strategy.

***Note: JW Asset may add, modify and/or remove Strategies at any time pursuant to the Offering Documents. Greater detail regarding JW Asset's methods of analysis, investment strategies, and risk of loss may be found in each Fund's Offering Documents.***

## **Item 9-Disciplinary Information**

None of JW Asset, or its principals or employees, has been the subject of any complaints or been involved in any legal or disciplinary proceedings since its inception.

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

JW GP, LLC, a Delaware limited liability company formed in November 2003 serves as the general partner or managing member (as applicable) of the (Delaware) Funds (except Insight Wellness) for which JW Asset serves as the Investment Manager. Mr. Wild and Tamar Katzburg Wild, his spouse, control JW GP.

JW Asset does not refer clients or investors to other investment advisers and it does not receive any compensation from other financial industry participants.

The right of the General Partner to receipt of the Performance Profit allocation may create an incentive for JW Asset, an affiliate of the General Partner, to cause the relevant Fund to make investments that are riskier or more speculative than would be the case if the General Partner was allocated only a fixed amount.

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

JW Asset has a fiduciary responsibility to treat Clients fairly and seek to avoid actual or potential conflicts of interest. In performing their duties, JW Asset's employees have an obligation to act solely in the best interests of Clients, and to make full and fair disclosure of all material facts, particularly where the Clients' interests may conflict with the interests of JW Asset or its employees.

### Code of Ethics

JW Asset strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust and, therefore, has adopted a code of ethics ("**Code of Ethics**") which describes the general standards of conduct that it expects of all its employees and focuses on specific areas where employee conduct has the potential to adversely affect the Clients, namely: misuse of confidential information, personal securities trading and outside business activities. Failure of an employee to uphold the Code of Ethics may result in disciplinary sanctions, including termination of employment by JW Asset. All employees must acknowledge the terms of the Code of Ethics annually, or when amended. Any Client or prospective Client and any investor in a Fund may request a copy of the Code of Ethics.

Under the Code of Ethics, JW Asset's employees are permitted to maintain personal trading accounts provided that such accounts are disclosed to JW Asset and any personal trading by Employees must be consistent with applicable law and with the Code of Ethics. Employees may buy, sell or hold for their own personal trading accounts securities that JW Asset also buys, sells or holds for the Funds subject to compliance with applicable laws, rules and regulations, the Code of Ethics, pre-approval, and a determination that no conflict of interest exists. See also "Personal Securities Trading" below.

### Misuse of Nonpublic Information

JW Asset's Code of Ethics also addresses misappropriation of material nonpublic or proprietary information (e.g., insider trading). JW Asset's insider trading prohibitions (i) apply to all its employees, (ii) extend to activities within and outside their duties as employees of JW Asset, and (iii) apply to investment interest-related information that is internal to JW Asset.



## Participation or Interest in Client Transactions

JW Asset may invest Client assets in securities where one or more principals of JW Asset has a vested interest or serves as director for the issuer. This presents a potential conflict of interest because JW Asset may have an incentive to make and/or maintain such investments even if they are not performing well and there will not be any independent oversight with respect to such investments, as set forth in Item 8. However, such relationships and potential conflicts of interest are fully disclosed to Clients and investors. See also Items 4, 5 and 8 above.

JW Asset does not cross trade among Client accounts and does not plan to do so. To the extent necessary in the future, JW Asset has the discretion, as permitted under applicable law, to effect client cross-transactions. JW Asset may also engage an independent representative to satisfy the disclosure and consent requirements of Section 206(3) of the Advisers Act with respect to transactions entered into by Clients.

## Personal Securities Trading

Subject to compliance with applicable laws, rules and regulations and the Code of Ethics, employees may buy, sell or hold for their own personal trading accounts securities, including the same securities as Client accounts. JW Asset has adopted personal trading policies and procedures, which prohibit employees from benefitting personally from the trading activities of JW Asset Clients, to prevent conflicts of interest with its Clients.

JW Asset at times may maintain a restricted list of securities that it and its employees may not trade in order to avoid the misuse of material non-public information or confidential Client information. Also, though JW Asset and its employees may invest in the same securities that it recommends for its clients, JW Asset has adopted a policy in its Compliance Manual restricting the ability of JW Asset or its employees to benefit from Client trades in those securities, including by providing a no-trade window before and after a material, market-moving Client trade. JW Asset's chief compliance officer periodically reviews the personal accounts of its employees for compliance with these policies and procedures.

## Outside Business Activities

Employees are permitted to engage in limited outside business activities provided these activities are pre-cleared by the chief compliance officer (and, with respect to any outside business activities of the chief compliance officer, pre-cleared by Mr. Wild) and more

importantly, do not create an actual or potential conflict of interest due to the amount of time spent on such activities and the investment-related nature of certain activities.

If any activities are deemed to be in conflict with the Clients, such conflicts will be fully disclosed.

## Item 12-Brokerage Practices

As a fiduciary, the Investment Manager has a duty to seek the best execution for all transactions it executes on behalf of a Fund and for other accounts managed by the Investment Manager (“**Other Accounts**”). The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. In selecting brokers for execution of a Fund’s trades, the Investment Manager will consider the full range of brokerage services provided, which may include a broker’s execution, clearance and settlement capabilities; its capital strength, stability, responsibility, reputation and reliability; the reasonableness of the broker’s commission rates (and other transactional charges); the nature and frequency of the broker’s sales coverage; its responsiveness to the Investment Manager; the broker’s depth of available services, arbitrage operations, bond capability and option operations; the availability of stocks to borrow for short trades; the broker’s willingness to execute related or unrelated difficult transactions in the future; and the broker’s back office, processing and special execution capabilities, and error resolution capabilities. In addition, the Investment Manager may consider in selecting brokers the nature and character of the particular security or instrument being traded and the activity existing and expected in the markets, including the size of the trade, the markets on which it is purchased or sold, the desired timing of the transaction and the pricing of the transaction. The Investment Manager also may consider the quality of the brokerage and research services, within the meaning of Section 28(e) of the Securities Exchange Act, that are provided to the Investment Manager by the broker (“**Brokerage and Research**”).

The Investment Manager will not adhere to any rigid formulas in selecting brokers but will weigh the factors described above. Recognizing the value of one or more of these factors, the Investment Manager may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. The Investment Manager periodically will evaluate the placement of brokerage and the reasonableness of commissions paid.

To the extent the Investment Manager receives Brokerage and Research, it will be receiving a benefit by reason of the direction of such commissions because it will not need to produce or pay for the Brokerage and Research (or charge such expenses to clients). Thus, to the extent the Investment Manager uses commissions to obtain Brokerage and Research that would otherwise be an expense of the Investment Manager, such Brokerage and Research in effect will constitute additional compensation to the Investment Manager. As a result, the Investment Manager may have an incentive to select brokers based on such benefits. Brokerage and Research may be used by the Investment Manager in managing both a Fund's assets as well as those of some or all of the Other Accounts. Some Brokerage and Research may not necessarily be used by the Investment Manager in managing the assets of the Fund even though the Fund's commission dollars are provided for the Brokerage and Research. The Fund may not, in any particular instance, be the direct or indirect beneficiary of the Brokerage and Research provided. Brokerage and Research may include, among other things, proprietary research from brokers. Brokers may also provide the Investment Manager with third party research services. Research may be in oral or written form and may include, among other things research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, database information, data on pricing and availability of securities, non-mass-marketed financial publications, electronic market quotations, trading analytics, analyses concerning specific securities, companies, industries or sectors and market, economic and financial studies and forecasts.

All soft dollar arrangements that the Investment Manager enters into will be within the safe harbor provided by Section 28(e) of the Securities Exchange Act. Pursuant to such safe harbor, Brokerage and Research services must provide lawful and appropriate assistance to the Investment Manager in the performance of its investment decision-making responsibilities. Further, the amount of commissions paid by a Fund must be reasonable in light of the value of the Brokerage and Research services offered, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Accordingly, if the Investment Manager determines in good faith that the amount of commissions charged by a broker are reasonable in relation to the value of the Brokerage and Research services provided by such broker, a Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

The Investment Manager may aggregate sale and purchase orders of securities held or purchased by a Fund with similar orders being made simultaneously for Other Accounts if, in the Investment Manager's judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Fund and the Other Accounts, in the aggregate, based on an evaluation that the Fund and the Other Accounts are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for the Fund will be effected contemporaneously with the purchase or sale of like securities for Other Accounts. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, and in the Investment Manager's exclusive discretion, a Fund may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to the Fund than it would be if similar transactions were not being concurrently executed for Other Accounts.

### **Item 13-Review of Accounts**

All Client accounts are monitored on a daily basis by the principals of JW Asset for performance, composition and market movement. JW Asset negotiates custom reporting schedules and content, but these typically include real time execution reports, monthly performance reports, monthly AUM reports, and monthly trade allocation percentages. Investors in a Fund may also receive periodic reports from their custodians and brokers, which they should compare to JW Asset reporting for reconciliation. Investors in the Funds receive audited financial statements on an annual basis.

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

JW Asset may pay referral fees or any other benefits to third parties for referring investors. Investors in the Funds do not pay higher advisory fees based on these relationships.

### **Item 15-Custody**

JW Asset does not have actual physical custody of Client's assets. Nonetheless, JW Asset is deemed to have custody of the assets of the Funds (other than Insight Wellness) under Rule 206(4)-2 of the Advisers Act because JW Asset has the ability to deduct fees from the Funds and its affiliated entity (JW GP) serves as general partner/managing member for the Delaware

domiciled Funds (other than Insight Wellness) and its related persons serve as directors for Cayman Islands domiciled Funds. In accordance with Rule 206(4)-2 of the Advisers Act, JW Asset maintains the assets of the Funds for which it is deemed to have custody with qualified custodians and audited financial statements are furnished annually to all investors in the Funds.

### **Item 16-Investment Discretion**

JW Asset has investment discretion for all Client accounts. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client.

### **Item 17-Voting Client Securities**

To the extent JW Asset receives proxies on behalf of Clients, it votes all such proxies in a prudent and timely manner or abstains from voting such proxies in accordance with its Proxy Voting Policy outlined in its Compliance Manual. A copy of the Proxy Voting Policy is available to any client or prospective client upon request. Information on how votes were cast is also available to any Client and any investor in a Fund.

### **Item 18-Financial Information**

JW Asset does not have any financial condition that would be likely to impair its ability to meet its commitments to its Clients.