



## **Boxer Capital Management, LLC**

**12860 El Camino Real  
Suite 300  
San Diego, California 92130**

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This Brochure provides information about the qualifications and business practices of Boxer Capital Management, LLC ("**BCM**"). If you have any questions about the contents of this Brochure, please contact us at (858) 400-3115 or at [compliance@boxercap.com](mailto:compliance@boxercap.com). 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.

Registration as an investment adviser does not imply that BCM or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

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

## **Item 2: Summary of Material Changes**

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This Brochure is the first Form ADV Part 2A BCM has submitted to the SEC.

After this initial filing, Item 2 of the Brochure will be used to update, identify and discuss any material changes to the Brochure since its last annual or other update.

**Item 3: Table of Contents**

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#### Item 4: Advisory Business

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##### Firm Description

Boxer Capital Management, LLC (hereinafter “**BCM**,” “**we**,” “**us**” or “**our**”), a Delaware limited liability company that commenced operations in 2024, is an investment advisory firm based in San Diego, California. Aaron Davis serves as the Chief Executive Officer, controlling owner and portfolio manager of BCM.

BCM intends to provide investment advisory services to a family of private funds sponsored by BCM (together with the SPVs, as defined below, the “**Funds**”) and to one or more separately managed accounts (the “**Accounts**”). In the future, we may, but are not obligated to, offer one or more investors in such Funds or other clients (or any other persons) the right to participate in investments in which the Funds participate if (a) we believe that such participation would benefit the Funds or a portfolio company or (b) we determine that the Funds have been allocated the full amount of such investment in a portfolio company in light of their risk-return profiles, available capital and other considerations we determine to be relevant. Any such investments that may be established in the future may be implemented and managed through a special purpose vehicle (“**SPV**”).

The Funds and the Accounts are collectively referred to herein as the “**Advisory Clients**.”

Our investment advisory services will focus on public and private securities and related assets of healthcare, life sciences and biotechnology companies. The Funds, as applicable, will be managed pursuant to the terms, investment strategies and objectives specified in the confidential private placement memorandum, investment management agreements, LLC operating agreements, limited partnership agreements and/or, where noted, other related offering documents, relating to the respective fund, as they are amended from time to time (collectively, the “**Governing Documents**”). We may tailor our advice to the objectives of our Advisory Clients, but we do not plan to tailor our services to the investment, tax or any other particular objectives of any underlying investors in the Funds (“**Fund Investors**”). We will generally invest in public and private portfolio companies representing the entire lifecycle of drug development – from early-stage pre-clinical discovery assets to late-stage clinical and commercial stage companies – but we will be authorized to enter any type of investment transaction we deem appropriate under the terms of the applicable Fund’s Governing Documents. Fund Investors cannot place any restrictions or conditions on the investment strategy or trading activities of the Funds.

We do not participate in any wrap fee programs.

BCM has registered as an investment adviser as it expects to have regulatory assets under management sufficient to be eligible to register within 120 days of its registration; however, as of the date hereof, BCM does not advise any client assets on a discretionary basis.

## Item 5: Fees and Compensation

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Generally, BCM will be compensated by the receipt of fees based on the value of the Advisory Client's assets under management ("**Management Fees**") and the payment of certain performance-based compensation to the Fund's general partner ("**Incentive Allocation**").

### ***Fund Fees and Compensation***

As compensation for its advisory services to the Funds, BCM plans to generally receive an asset-based Management Fee, equal to a percentage of the net asset value of the Funds' assets, paid quarterly based on the value of the net assets of the Funds on the last day of the prior quarter.

As a general matter, and in accordance with Funds' Governing Documents, BCM, or its affiliates, plans to receive performance-based compensation in the form of an Incentive Allocation equal to an agreed-upon percentage of the appreciation in the net asset value of an investor's capital account in the Fund.

BCM, or its affiliates, in its sole discretion, may waive or modify the Incentive Allocation or Management Fees for any Fund Investor or any Advisory Client, subject to any applicable regulations. Additional information regarding fees and compensation is described in the Funds' Governing Documents (as applicable). Prospective investors in the Funds should review the Governing Documents in detail before making an investment.

### ***Account Fees and Compensation***

The fee schedule applicable to an Account will be contained in the applicable Investment Management Agreement with BCM. Such compensation is subject to negotiation between BCM and each Account. Certain Accounts may be charged an agreed-upon flat fee, not to exceed an established maximum. As noted above, BCM may waive or reduce fees, or perform services for no fees, for certain Accounts of employees and/or affiliates of BCM and others in its complete discretion.

### ***Expenses***

Advisory Clients may incur other fees and expenses in connection with BCM's advisory services. Each Advisory Client will be responsible for certain costs and expenses as detailed in the Governing Documents and/or Investment Management Agreement. Such costs and expenses may include, but are not limited to, trading costs and expenses (such as brokerage commissions and other transaction costs, clearing and settlement charges, custodial fees, margin and interest expenses, borrowing charges on public securities sold short, any issue or transfer taxes chargeable in connection with any securities transaction, and expenses related to sourcing, identifying, negotiating, structuring, monitoring, acquiring, holding or selling investments – See Item 12: Brokerage Practices); diligence and research expenses; insurance expenses; fees and expenses related to regulatory filings, as well as other regulatory costs and expenses permitted by law; ongoing offering and/or organizational expenses; costs of reporting and providing information to Advisory Clients; Management Fees; any entity level taxes; costs of any litigation or investigation involving a Fund or Advisory Client activities that are permitted by law; ongoing legal, tax, audit, accounting, valuation and bookkeeping fees and expenses; and the fees and expenses charged by any fund administrator for its accounting, bookkeeping and other services. In addition, to the extent an Advisory Client is invested in an open-end mutual fund, closed-end mutual fund, an ETF or

another privately placed fund that charges an advisory fee, Advisory Clients may directly or indirectly bear all or a portion of such fees, in addition to those charged by BCM.

BCM will generally be responsible for its own operating, general and administrative, and overhead costs and expenses, other than the expenses described above. Certain of these costs and expenses may be paid by securities brokerage firms and futures commission merchants that execute Advisory Clients' securities trades, as discussed in Item 12.

The allocation of expenses by BCM between it and an Advisory Client or among the Advisory Clients represents a potential conflict of interest for BCM. BCM has designed an expense allocation policy that is intended to address this potential conflict. BCM will allocate expenses to each Advisory Client in accordance with the Advisory Clients' Governing Documents. BCM will seek to allocate any shared expenses for products and services benefiting multiple Advisory Clients or both BCM and an Advisory Client in a fair and reasonable manner. With respect to diligence and research expenses, BCM may deem certain diligence and research to benefit the Funds and, if applicable, the Account without regard to whether such diligence and research related to or resulted in a specific portfolio investment decision because the intended benefits of such diligence and research are increased value in the portfolio investments and increased knowledge and expertise of BCM and its investment personnel. As a result, the Funds and, if applicable, the Account may bear diligence and research expenses that are not directly related to a particular investment in its portfolio.

Neither BCM nor its employees accept compensation, including sales charges or service fees, for the sale of securities or other investment products.

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

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As described in Item 5 above, as a general matter, BCM (or an affiliate of BCM) will be entitled to receive performance-based compensation in the form of Incentive Allocation and fees based on the value of the Advisory Client's assets in the form of Management Fees. The Incentive Allocation and Management Fees may vary between the Advisory Clients and may vary for certain investors in the Funds, subject to any applicable regulations.

Compensation via the Incentive Allocation may create an incentive for BCM to make investments that are riskier or more speculative than would be the case in the absence of such Incentive Allocation. In addition, the existence of varying Incentive Allocation and/or Management Fee arrangements among Advisory Clients may create an incentive for BCM to direct more profitable investment ideas to those Advisory Clients that pay or will pay the Incentive Allocation or Management Fees. In order to manage such potential conflicts, BCM maintains policies and procedures to promote fair and equitable allocation of investment opportunities among Advisory Client accounts, as described in Item 12. BCM reviews Advisory Client portfolios regularly to monitor compliance with these policies and procedures. BCM also intends to periodically review, and reserves the right to change, these policies and procedures if BCM believes a different approach would be in the best interests of an Advisory Client or Advisory Clients as a whole.

### Item 7: Types of Clients

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As described in Item 4, BCM intends to provide investment advisory services to Funds, Accounts and others it may accept as clients from time to time in its discretion.

Investment in Funds are generally limited to investors that meet the eligibility qualifications of both (i) “accredited investors” within the meaning of Regulation D of the Securities Act of 1933, as amended (“**Accredited Investors**”) and (ii) “qualified purchasers” within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended. Such investors typically will be institutional investors, financial institutions, other investment funds, and high-net-worth individuals, each of whom make representations concerning their financial sophistication and ability to bear the risk of loss respecting their investment in a Fund.

The minimum initial investment amount in a Fund is disclosed in the respective Fund’s Governing Documents, which will be provided to Fund Investors and prospective investors, and is subject to waiver or modification at the discretion of BCM or its affiliates, subject to any applicable regulations.

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

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BCM will seek to maintain a concentrated portfolio of long and short investments in publicly traded companies and, when the potential returns outweigh the lack of liquidity and other risks, private companies, in each case within the biotechnology and life sciences sector. In addition to equity purchased on the open market, BCM may invest in a broad range of securities, including but not limited to preferred stock, warrants, options, or other derivatives, as well as debt or royalty transactions. If the risk-reward is favorable for a particular unmet need, BCM may invest in assets or start-up/early-stage ventures rather than in an existing issuer. BCM investments may be in any geography but are typically located in the United States and Europe.

The BCM team will generally utilize a disciplined approach to evaluate investment ideas through the analysis of publicly available materials (e.g., filings, press releases, academic literature, conference presentations) and/or materials provided by the issuer, as well as interviews with BCM's network of relevant key opinion leaders, industry/medical/academic experts, company management teams and sell-side analysts. The BCM team intends to utilize its experience in working with portfolio companies to optimize their capital structures, pipeline developments, business strategies and communications. This expertise and network are expected to provide a comprehensive approach to diligence and portfolio management.

When looking at investment opportunities, BCM will generally seek to prioritize those that have one or more of the following characteristics for example:

- **A Differentiated Approach** – a unique mechanism, a novel approach to known mechanisms, or another scientific or technological differentiation that BCM believes provides a competitive advantage versus current standard of care;
- **Clear Rationale** – a promising and testable hypothesis where the potential for success or failure can be assessed as early as possible;
- **Improving Patient Care** – a pipeline with leading drug candidates that holds promise to meaningfully impact the lives of a large patient population;
- **The Right Management** – a team of key stakeholders with the experience and skillset necessary to successfully develop and commercialize promising drug candidates to a large market; and/or
- **Significant Upside** – attractive valuation due to being overlooked, misunderstood or undercapitalized, leaving ample upside for investors.

The investment strategies summarized above represent BCM's current intentions and should not be understood to limit our investment activities in any way. We may use any trading or investment strategy, whether or not contemplated by the expected investment strategies described above, that we consider appropriate or in the best interests of our Advisory Clients, subject to applicable investment objectives and guidelines. There can be no guarantee that any strategies applied will be successful.

### Investment Risks

Despite BCM's comprehensive investment approach, the implementation of BCM's investment strategies, and, relatedly, the investments made by BCM (as described below), may be deemed to be highly speculative and are not intended as a diversified or complete investment program. Advisory Clients, as well as Fund Investors, should be sophisticated persons who are able to understand and bear the risk of loss of their investment and who meet the conditions set forth in the relevant Governing



Documents and/or Investment Management Agreement. There can be no assurance that BCM's, a Fund's or any Advisory Client's investment objectives will be achieved.

Below are some of the risks that Advisory Clients (as well as prospective Fund Investors) should consider before investing. A more comprehensive list of risks associated with an investment in the Funds or Account will be set forth in the applicable Governing Documents.

*Investment and Trading Risks*

Investments involve a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that BCM investment programs will be successful. BCM's investments may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which BCM expects to invest have recently experienced and continue to experience significant volatility and losses. No assurance can be given as to when, whether or for how long adverse events might occur that could cause immediate and significant losses to Advisory Clients.

*General Economic and Market Conditions*

BCM's success will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of BCM's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of BCM's investments and the availability of certain securities and investments. Volatility or illiquidity could impair BCM's profitability or result in losses. BCM may maintain substantial trading positions that can be materially and adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss.

*Biotechnology and Life Sciences Sector Investment Risks*

BCM will make investments in the biotechnology and life sciences sector, which may include, without limitation, investments in issuers such as pharmaceutical companies, biotechnology companies, generic drug manufacturers, healthcare information technology companies and medical device companies. These issuers often face regulatory barriers to licensing, product approvals, and ongoing compliance which are in some cases very high and very costly. Due in many cases to the actual and/or perceived possibility of high potential profits in many segments of biotechnology, competition and litigation risks are heightened.

Investing in the biotechnology and life sciences sector may also present additional risks that are not typical in other sectors, including, but not limited to:

- Government Regulation and Intervention. Governments around the world closely monitor and regulate most facets of the healthcare industry and adjust policies and procedures regularly, causing healthcare companies to have to constantly adapt procedures, submit data, and subject themselves to various inspections and audits.
- Food and Drug Administration ("FDA") and Global Oversight Entities. Certain pipeline products of pharmaceutical, biotechnology and medical device companies are subject to long and costly development testing that is regulated by government entities (such as the FDA, in the United States). Ultimately the products must be approved before they can be sold, after sometimes intense scrutiny by government regulators. If a product is not approved, extreme volatility in shares of the underlying company can occur and sales and/or profits may be delayed indefinitely. In addition, even once approved, a product's safety and efficacy, as well as its manufacturing process, continue to be monitored and assessed by regulatory agencies. Failure to comply with regulations can result in large fines, in a product being removed from the market,

or in the product being banned from sale indefinitely until the company can satisfy the regulatory agency.

- Medicare and Medicaid, Affordable Care Act Reimbursement, and the Inflation Reduction Act. Most healthcare companies rely in some way on government reimbursement. These programs are perpetually evolving and funding cuts or shifting of resources within these programs cause inherent risks for the companies which depend on them for all or part of the payment for their products or services. In addition, the Inflation Reduction Act mandates changes that will affect drug pricing relating to Medicare and Medicaid for certain drugs. These mandates could change or broaden and potentially have a negative impact on the biotech, healthcare and pharmaceuticals sectors in which BCM and its Advisory Clients invest.
- Taxation of Offshore Profits. While domicile of intellectual property or manufacturing capabilities outside of the United States in some cases affords biotechnology and life sciences companies corporate tax breaks and shelters under current tax laws, political, fiscal or legislative pressures may cause existing rules to change meaningfully, potentially affecting the profitability of some of these issuers.
- High Risk and High-Cost Research and Development Strategies. Most biotechnology and life sciences companies embark on very costly development plans that involve scientific experiments on animals and humans to test the safety and efficacy of their products, prior to the product's broad availability. There are multiple opportunities for cost overruns and timeline setbacks that are inherent in this process.
- Pipeline Failures. In the event of a pipeline failure or delay due to a safety, manufacturing or efficacy issue with a product, significant costs can be incurred, and sales can be delayed for a prolonged period while a healthcare company attempts to correct the issue or issues and negotiates with regulatory authorities to seek a path forward.
- Single Product Risk. Many early-stage biotechnology and life sciences companies depend on the success of one product. In the event that the product is not approved, is removed from the market, or has its approved label changed to include safety issues or a smaller addressable end-market, these companies can swing from profitable to not profitable, or be forced to raise additional funds in the equity or debt markets at depressed prices or unfavorable terms.
- Product Obsolescence and Patent Risk. Science, healthcare, and the ability to deliver related services lead to a rapidly evolving marketplace. Due to the perceived high profits in these areas, competition is very high and patent life is subject to defined timeframe and invalidation risk. In many cases, multiple options are marketed by multiple companies to address medical needs and 'newer, better' options are constantly being approved for sale and distribution. If a company's product offering is unable to remain relevant, or a company is unable to garner steady pricing due to a discounting for share model, profits can decline versus prior levels. If a patent is challenged and invalidated in the courts, sales and profits may be eroded by generic competition at lower prices.
- Single Security Volatility. Due to inefficiencies of information flow and the velocity of change in regulatory laws and innovation, biotechnology and life sciences company securities are in many cases more volatile than those of issuers in some other market sectors.
- Product Liability. Biotechnology and life sciences companies are exposed to a high level of product liability risk during the testing and sales of many products. Claims against these companies can result in delay or stoppage of clinical trials, reduction of demand and revenues from products, high litigation costs, substantial fines or monetary outlays to third parties, and costly specialized consulting engagements designed to seek to rectify these sorts of problems.
- Specialized Workforce. Biotechnology and life sciences companies employ highly educated and trained specialists in many fields ranging from medicine to advanced research and development to manufacturing, and in many cases these specialties are unique to the industry. Due to the barriers to obtaining these skills, relevant experience, and academic degree levels, the pool of

applicants is finite and most development successes depend on a company's ability to attract, hire, and retain these highly specialized personnel. In the event that a company's management is unsuccessful in hiring personnel who are qualified to perform in these areas, and retain them on acceptable terms, development delays and quality issues could harm the company and its ability to execute on its business model.

*Reliance on Key Individual*

BCM's ability to invest successfully is substantially dependent upon the efforts of Aaron Davis. The loss of Mr. Davis' services could have a material adverse effect on the Advisory Clients.

*Small-Cap and Mid-Cap Risks*

BCM expects to invest in equities of small- and mid-capitalization companies. While, in BCM's opinion, the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small- and mid-capitalization issuers may also present greater risks. For example, some small- and mid-cap issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, due to thin trading in many smaller capitalization stocks, an investment in such stocks may be characterized by reduced liquidity. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is potentially higher than for larger, "blue-chip" companies. The market prices of securities of small- and mid-cap issuers are generally more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of larger-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers. There may be less information about small and mid-cap companies than larger cap companies.

*Concentration of Investments*

BCM's approach will emphasize securities of the companies in the biotechnology and life sciences sector and may be concentrated on relatively few issuers. Accordingly, a loss in any single position could result in a material reduction of invested assets.

*Turnover; Excessive Trading Risk*

Certain investments will be traded on the basis of short-term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions and fees. These commissions and fees will, of course, reduce profits.

*Exposure to Material Non-Public Information*

From time to time, BCM may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, BCM is generally prohibited, by law, policy or contract, for a period of time from using such information for trading purposes. In accordance with these policies, to prevent trading of securities based on material, non-public information, BCM maintains and regularly updates a "restricted" securities list. Public companies about which BCM has or is expected to have, material, non-public information are placed on the restricted list. While an issuer is on the restricted list, BCM is generally prohibited from purchasing, selling or recommending the purchase or sale of that issuer's securities in Client Accounts.

*Investing Conflicts*

The investment activities of one or more BCM Advisory Clients may result in the imposition of restrictions on the flexibility of other Advisory Clients. For example, if BCM obtains material non-public information

concerning a company on behalf of an Advisory Client, other Advisory Clients may be temporarily unable to trade in the securities of the same company.

#### *Use of Leverage*

BCM will borrow money and engage in transactions that have the effect of creating inherent leverage, subject to any applicable limitations or parameters agreed upon with the applicable Advisory Client. BCM may leverage an Advisory Client's portfolio through traditional means, such as by borrowing money through margin accounts, lines of credit with banks, or other lending arrangements on a secured or unsecured basis. BCM may also employ certain other financial techniques and trading strategies that do not involve borrowing money through such traditional means, but that have the economic effect of leveraging the portfolio, such as options, swaps, and other derivative instruments. Although leverage increases returns where the return on the incremental investments purchased with borrowed funds exceeds the borrowing costs, the use of leverage may also decrease returns if the borrowing costs exceed the returns earned on the incremental investments. In the event that BCM leverages an Advisory Client's portfolio, fluctuations in the market value of the portfolio will have a significant effect in relation to available capital, and the risk of loss and the possibility of gain will be increased.

BCM may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to Advisory Clients. For example, should the securities pledged to brokers to secure an Advisory Client's margin accounts decline in value, a "margin call" may require the Advisory Client to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of an Advisory Client's assets, BCM might not be able to liquidate assets quickly enough to pay off its margin debt.

#### *Short Sales*

BCM expects to engage in short sales when it believes securities are overvalued. It may also do so for hedging purposes. Short sales are sales of securities that are borrowed but not actually owned, usually made with the anticipation that the prices of the securities will decrease and result in a profit by purchasing the securities at a later date at the lower prices. An Advisory Client will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions are sometimes subject to increased regulatory scrutiny in response to market events, including the imposition of restrictions on short selling certain securities and reporting requirements. BCM's ability to execute a short selling strategy may be materially and adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact an Advisory Client's prior trading activities. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

#### *Foreign Securities*

BCM expects to invest a portion of Advisory Clients' portfolio assets in securities of non-U.S. issuers. BCM's investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the U.S. and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of assets denominated in that currency and thereby impact the total return on such assets. BCM may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for BCM to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of BCM's trades affected in such markets. Additionally, changes or modifications in existing judicial decisions or in the current positions of the U.S. Internal Revenue Service (the "IRS"), either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could also lead to unfavorable treatment of certain non-U.S. investments which could adversely impact BCM's investment strategies.

#### *Hedging Transactions*

BCM expects to utilize certain financial instruments both for investment purposes and for risk management purposes in order to seek to: (i) protect against possible changes in the market value of BCM's investments resulting from fluctuations in the securities markets, and changes in interest rates, currency exchange rates or other financial measures, (ii) protect BCM's unrealized gains in the value of BCM's investments, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investments, (v) hedge the interest rate or currency exchange rate on any of BCM's liabilities or assets, (vi) protect against any increase in the price of any securities that BCM anticipates purchasing at a later date, or (vii) for any other reason that BCM deems appropriate. While BCM may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for BCM than if it had not engaged in any such hedging transactions.

#### *Derivative Investments*

BCM may invest, on behalf of its Advisory Clients, in options, swaps or other derivative instruments, including buying and writing calls and puts on some of the securities, currencies or other assets held by Advisory Clients. Derivative instruments or "derivatives" include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge

or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when a transaction is entered, a relatively small adverse market movement may expose BCM to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

#### *Loans of Portfolio Securities*

BCM may, on behalf of its Advisory Clients, lend portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of an Advisory Client's assets. The intent of securities lending activities is to increase income through the receipt of interest on the loan. In the event of a default or the bankruptcy of the other party to a securities loan, there may be delays in recovering the securities lent, and there is no assurance that the securities will be recovered. To the extent that the value of the securities lent has increased, the Advisory Client could experience a loss if such securities are not recovered.

#### *Private Investments*

BCM expects to periodically make investments in unregistered securities, often purchased in private placements with private companies at various stages of their development. Investments in the private equity of companies at an early stage of development involve a high degree of business and financial risk. Early-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, which may produce substantial variations in operating results from period to period or may operate at a loss. Investments in start-up or other early-stage companies may depend significantly on an entrepreneur or management team. Such companies face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses. There can be no assurance that such companies will ever be profitable or even have assets or products that generate meaningful revenue.

#### *Investments in Restricted Securities*

BCM may invest its assets in restricted securities or securities that are subject to certain liquidity restrictions, including, without limitation, lock-up periods. These securities may be subject to legal or contractual restrictions on resale and transfer and, therefore, may be illiquid and subject to wide fluctuations in value. Such securities may be held until the occurrence of certain events or for an extended period, as determined by BCM. The resale of restricted and illiquid securities may be difficult to value and oftentimes may have higher brokerage charges.

#### *Investments in Preferred Stock*

BCM may trade the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends



on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

#### *Convertible Securities*

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, then the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security is called for redemption, BCM will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on BCM's ability to achieve its investment objective.

#### *Warrants*

Warrants will enable BCM to purchase a specified number of shares of an issuing corporation at a specified price during a specified period of time. Warrants involve the risk of a loss of the purchase value of the warrant if the right to subscribe to additional shares is not executed prior to the warrants' expiration. The effective price paid for the warrant, when added to the subscription price of the offered security, may in fact be in excess of the value of the offered security if there is no appreciation in such security. Furthermore, BCM may be adversely affected in the event that the securities underlying such warrants decline in value.

#### *American Depositary Receipts and Global Depositary Receipts*

BCM may invest Advisory Clients' assets in ADRs and GDRs (as each term is defined below). American Depositary Receipts ("**ADRs**") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("**GDRs**") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a foreign company's publicly traded securities that are traded on foreign stock exchanges or foreign over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In

addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

*The Markets and Securities May Be Illiquid*

At various times, the markets for securities purchased or sold by BCM may be “thin” or illiquid, making purchase or sale of securities at desired prices or in desired quantities difficult or impossible. It may not always be possible to execute a buy or sell at the desired price or to close out an open position, either due to market conditions, daily price fluctuation limits or speculative position limits. Particularly, there is a very limited market for, and substantial restrictions on, the resale of privately-traded securities. In addition, investors in privately-traded securities typically have certain registration rights with respect to the registration of such securities at a later date, but the exercise of these registration rights is dependent upon various conditions. There is no assurance that these conditions will occur or that these registration rights will otherwise be exercisable. Illiquid securities may have to be held for a substantial period of time because of market or industry conditions, the development stage at which they were purchased, or legal restrictions on resale. The valuation of illiquid (and/or other difficult to price) securities will ultimately be in BCM’s sole and absolute discretion using its best good faith estimate as to fair value, in accordance with applicable law and/or BCM’s internal policies /procedures. The valuations so determined may not reflect the true underlying value of the securities and may differ materially from values that are actually realized.

*Exchange Traded Funds*

BCM may invest in and sell short shares of exchange traded funds (“**ETFs**”) and other similar instruments. These transactions may be used to adjust BCM’s exposure to the general market or industry sectors and to manage BCM’s risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

*Purchasing Securities of Initial Public Offering*

From time to time, BCM may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for BCM to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. BCM may trade securities that are “new issues,” as defined by Rule 5130. Rule 5130 and Rule 5131 restrict certain persons from participating in “new issues”.

*Counterparty Risk*

Some of the markets in which BCM may affect its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes BCM to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing BCM to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where BCM has concentrated its transactions with a single or small group of counterparties. BCM is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Pursuant to the



Dodd-Frank Act (as defined below), some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearing house. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

*Difficulty of Locating Suitable Investments*

There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable BCM to invest all of its Advisory Clients' capital in opportunities that satisfy its investment objective or that such investment opportunities will lead to completed investments. The availability of investment opportunities, particularly with small issues, generally will be subject to competition from other investment entities.

*Competition*

The securities industry and the varied strategies engaged in by BCM are extremely competitive and each involves a degree of risk. BCM competes with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staff.

*Suspension of Trading*

For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for BCM to liquidate Advisory Clients' positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for BCM to close out an Advisory Client's positions.

*Change in Investment Strategies*

The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by BCM. Nevertheless, the investments made by BCM on behalf of Advisory Clients will be consistent with the Advisory Client's investment objectives and guidelines.

*Broker Risk*

BCM's assets may be held in one or more accounts maintained by prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to BCM's Advisory Client assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to BCM's Advisory Client assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible to generalize about the effect of the insolvency of any of them on BCM and its Advisory Clients' assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of BCM's Advisory Clients' assets or in a significant delay in BCM having access to those assets.

*Cybersecurity*

BCM and other related entities/partners depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect BCM, Advisory Clients, and Fund Investors, despite

the efforts of BCM and other related entities/partners to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to Fund Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to BCM's systems and other those of other related entities/partners. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of BCM's and other related entities/partners' systems to disclose sensitive information in order to gain access to BCM's data, or that of its Advisory Clients or Fund Investors. A successful penetration or circumvention of BCM's security systems could result in the loss or theft of client data or funds, the inability to access electronic systems, the loss or theft of proprietary information or corporate data, and physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause BCM and other related entities/partners to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for related portfolio company investments, which could have material adverse consequences for such portfolio companies and may cause such investments to lose value.

#### *Business Continuity and Disaster Recovery Risks*

BCM's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks, pandemic outbreak or other circumstances resulting in property damage, network/operations interruptions and/or prolong power outages. Although BCM has implemented measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and may have a material adverse effect on the firm's operations, employees and clients.

#### *Control Positions*

Certain Advisory Clients in limited circumstances may take control positions in companies. The exercise of control over an issuer imposes risks of liability for environmental damage, product defects, failure to supervise management, indirect securities liability and other types of related liability. If such liabilities were to occur, the applicable Advisory Client likely would suffer losses in such investments, especially if the Advisory Client was deemed to be a "control person." In addition, Advisory Clients may take some positions that exceed 10% of the voting shares of a company or in which employees of BCM serve on the board of directors of the company or in which the market value of the Advisory Client's position in the company exceeds certain thresholds required for notice under the Hart-Scott-Rodino Act premerger notification program. In some cases, these positions may be in private companies. As a result of such positions, the Advisory Clients could be subject to various U.S. and non-U.S. regulatory and legal requirements which would limit BCM's or the Advisory Clients' ability to transact in the securities of the issuing company.

#### *Venture Capital Investments*

Advisory Clients may, subject in the case of certain Advisory Clients to limitations set forth in their respective Governing Documents, make venture capital investments. Such investments involve a high degree of business and financial risk that can result in substantial losses. The most significant risks are the risks associated with investments in: (i) companies in an early stage of development or with little or no operating history; (ii) companies operating at a loss or with substantial fluctuations in operating results from period to period; and (iii) companies with the need for substantial additional capital to support or to achieve a competitive position. Such private investments will generally be separately accounted for in their respective Funds and only existing limited partners at the time of such investments will be allocated gains or losses associated with such investments (which may result in certain limited partners being

indirectly invested to a greater degree in such private investments than other limited partners in the same Funds).

*Special Purchase Acquisition Companies*

An Advisory Client may, in limited circumstances and subject to any limitations stated in such Fund's limited partnership agreements or other governing documents, invest in the securities of a special purpose acquisition company ("**SPAC**"). Simplified, SPACs are public companies that have no operations, but intend to merge with, acquire or otherwise invest in another company. Investing in such securities involves considerations not usually associated with investing in securities of other types of companies, including, among other risks, the risk that a SPAC's actual financial performance may be different from projections, financial and market projections may be inaccurate, the SPAC may not complete an investment in another company and may be forced to liquidate its assets at a loss to the Advisory Client(s), and the SPACs may be subject to certain regulatory risks. Additionally, the ability to resell the securities of a SPAC is limited both before and after completion of the business combination as compared to ordinary public companies.

**Item 9: Disciplinary Information**

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BCM has not been subject to any legal or disciplinary actions, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the firm have been subject to such action.

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

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The management and employees of BCM will dedicate substantially all of their professional efforts to BCM and its affiliates.

Neither BCM nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither BCM nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

Certain employees of BCM will serve on the board of directors, or in a similar capacity, of portfolio companies held by Advisory Clients. BCM has procedures in place to monitor this involvement and identify and mitigate conflicts of interest, which may include, in circumstances deemed appropriate by BCM, imposing information barriers/ethical walls to limit the flow of sensitive information or recusing certain personnel from decisions that may involve a conflict of interest.

BCM does not recommend or select other investment advisers for its Advisory Clients and does not receive compensation directly or indirectly from other advisers.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions  
and Personal Trading**

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***Code of Ethics Pursuant to Rule 204A-1 of the Advisers Act***

As part of its Compliance Manual (which generally contains policies and procedures applicable to BCM's advisory operations and functions made pursuant to and generally consistent with Rule 206(4)-7 under the Investment Advisers Act of 1940 (the "**Compliance Manual**"), BCM has adopted a Code of Ethics ("**Code of Ethics**") that establishes various procedures with respect to investment transactions in accounts in which employees or related persons have a beneficial interest or accounts over which an employee or related persons have investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of BCM's Advisory Clients and Fund Investors first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics;
- Employees should not take inappropriate advantage of their positions at BCM; and
- Employees must comply with all applicable securities laws.

All BCM employees are deemed to be "Access Persons" and are required to adhere to the terms of the Code of Ethics in relation to their personal trading activities. The Code also sets forth terms applicable to BCM personnel in relation to business gifts and entertainment, political contributions and the firm's whistleblower policy. In addition, BCM's Compliance Manual establishes policies and procedures applicable to the firm and its employees relating to the prevention of insider trading, the resolution of conflicts of interest with Advisory Clients as well as permissible outside business activities. BCM will provide a copy of its Code of Ethics to any Fund Investor, prospective investor or Advisory Client upon request. Employees are required to certify their receipt and adherence to the Compliance Manual and its constituent Code of Ethics upon commencement of employment and on at least an annual basis thereafter.

Under the Code of Ethics, employees of BCM are prohibited from trading in securities in the biotechnology sector as defined in and/or determined pursuant to the Code of Ethics, except as approved by the CCO after due consideration of BCM's fiduciary duties to its Advisory Clients. The biotechnology sector generally represents the range of securities within the focus of BCM for client investment and, for purposes of the trading prohibition, includes companies primarily in the life sciences, pharmaceutical, medical and biotechnology industries, including any ETFs with an investment strategy focused on that sector or industry. Any security in the biotechnology sector that an employee previously purchased prior to joining BCM must be disclosed prior to hiring, and consent must be obtained by the CCO prior to exiting the position.

Furthermore, under the Code, BCM employees must provide copies of brokerage statements and trade confirms to the CCO, either directly or indirectly, in paper or electronically, which are used to monitor compliance with the foregoing policies. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities, receiving an allocation of an initial public offering ("**IPO**") or acquiring beneficial ownership in securities in a private placement or investment opportunity of limited availability, whether an initial or follow-up investment.

MyComplianceOffice Inc. (“**MCO**”) assists BCM in its electronic pre-clearance, employee personal trade monitoring/surveillance functions and collection of employee compliance certifications and attestations. Personnel are instructed on the proper methods and terms of use of the MCO system with respect to their obligations under the Code of Ethics upon initial hire and periodically as circumstances warrant.

### ***Potential Conflicts of Interest***

From time to time, consistent with the Advisory Clients’ governing documents and applicable law, BCM may recommend that one or more Advisory Clients acquire or sell an investment with respect to which BCM or a BCM employee has a pre-existing direct or indirect interest or a close personal relationship, which in either case could create the appearance of a potential conflict of interest. A potential conflict of interest could arise in that BCM or the interested related person could benefit from such a purchase or sale of the applicable investment by such Advisory Client(s). However, the Code of Ethics is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that BCM fulfills its role as a fiduciary to its Advisory Clients.

The fact that BCM or its related persons, in their capacities as general partners in, advisers to, or equity owners of certain Funds or Accounts, have financial interests in such Funds or Accounts could create an incentive to make a different investment decision than if such parties did not have such financial interests. For example, performance-based compensation could incentivize investment decisions that are riskier or less risky than would be made in the absence of such performance-based compensation. BCM manages this potential conflict through policies and procedures to ensure fair and equitable treatment of all Advisory Clients, as well as regular monitoring of the Advisory Client portfolios to ensure consistency with Advisory Client objectives and disclosures, as more fully set forth in Item 13 below.

### ***Legacy Interest in Initial Client***

Aaron Davis, BCM’s principal, holds a legacy proprietary interest in the assets of Boxer Capital, LLC, a family office client that will be BCM’s initial Advisory Client upon registration as an investment adviser (the “**Initial Client**”) and that invests in the biotechnology sector. Mr. Davis worked for the Initial Client and has been primarily responsible for its investment activities for a number of years prior to the creation and registration of BCM. This creates a potential conflict of interest between the interests of other BCM Advisory Clients and Mr. Davis’ interest in maximizing the value of his legacy ownership interest in the Initial Client when making investment decisions for BCM. However, when managing the assets of the Funds or other Advisory Clients, Mr. Davis and BCM have a fiduciary duty to treat all of its Advisory Clients fairly and equitably and has implemented policies and procedures that are designed to ensure that Advisory Clients are treated fairly and to prevent this potential conflict or any other potential conflict from influencing the allocation of investment opportunities among Advisory Clients. These potential conflicts are further mitigated by BCM’s Code of Ethics, which requires BCM to make any investment decisions on behalf of its Advisory Clients without regard to any proprietary investment considerations, compensation or other benefits that may be received by BCM or its related persons. Additionally, during the Initial Client’s investment period, transactions involving the Initial Client and Advisory Clients will be undertaken in accordance with pre-determined guidelines in accordance with BCM’s trade allocation policy that are designed to ensure fair and equitable treatment for all parties.

### ***Insider Trading Policies and Procedures***

BCM maintains insider trading policies and procedures (the “**Insider Trading Policies**”) which are designed to prevent the misuse of material non-public information by BCM and its officers, managers, directors and employees. In accordance with these policies, BCM maintains a “restricted list”. Public companies about which BCM has or is expected to have, material, non-public information, are generally placed on the restricted list. While an issuer is on the restricted list, BCM and each person subject to the insider trading policy is generally prohibited from purchasing, selling or recommending the purchase or sale of that issuer’s securities in personal accounts and client accounts.

On a periodic basis, BCM employees will be required to certify to their compliance with the firm’s Compliance Manual and Code of Ethics, including the Insider Trading Policies.



## Item 12: Brokerage Practices

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BCM expects to be authorized to determine the broker-dealer to be used for each securities transaction for its Funds and may be granted the authority to select broker-dealers for the Accounts it advises (subject to the terms of its Investment Management Agreement). Brokers and dealers will be generally selected by BCM on the basis of best execution services, which will be determined by taking into account, among other things, the broker's ability to commit capital, stability and responsibility, reputation, financial strength, reliability, responsiveness to BCM and accuracy of recommendations on particular securities, commission rates, ability to execute trades, block trading and block positioning capabilities, nature and frequency of sales coverage, securities price, depth of available services, arbitrage operations, bond capability and option operations, liquidity of market, access to various market venues, access to direct access trading, access to new issues and/or PIPEs, expertise in certain securities or derivatives, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions in the future, the ability to execute larger transactions confidentially or anonymously or in a manner that avoids disclosing trading interest to the market, order of call, back office, processing and special execution capabilities, efficiency of execution and error resolution.

In selecting brokers to execute transactions, BCM need not solicit competitive bids and does not have an obligation to negotiate brokerage commission costs. Thus, Advisory Clients are deemed to be paying for other products and services provided by the broker which are included in the transaction charges. In exchange for the direction of portfolio transaction dollars to certain brokers, credits are generated which are used by BCM to pay for the products and services provided, or paid for, by such brokers. To the extent the clients' portfolio transactions generate such credits or products and services are provided, BCM or the Advisory Clients' accounts will be receiving a benefit by reason of the direction of commissions.

BCM may use "soft dollars". When engaging in soft dollar transactions, BCM will comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for Advisory Clients, and, subject to its duty to obtain best execution, BCM may consider the value of research and brokerage products and services (collectively, "**Research**") provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral. Research products may include, among other things, databases and quotation services. Research services 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, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if BCM determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and products or services provided by such broker, an Advisory Client may pay commissions to such broker in an amount greater than the amount another broker might charge. BCM will allocate the costs of any "mixed use" products or services, so that only the portion of such products or services that relate to research or execution will be paid for with soft dollars, and the remainder will be paid for by BCM. In some cases, BCM may not allocate the benefits of soft dollars among Advisory Clients in proportion to the trades that generate the soft dollars. Consequently, soft dollars generated by any one of BCM's Advisory Clients may pay for products and services the exclusive, primary, disproportional or

immediate benefit of which will inure to one or more of the other Advisory Clients. In such cases, certain Advisory Clients will obtain a disproportionate benefit in soft dollar paid research and/or services compared to the amount of soft dollars they generate, or vice versa.

BCM may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to BCM's Advisory Clients or recommend Advisory Clients, including the Funds, as an investment to their clients. BCM may place Advisory Client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if BCM determines that it is otherwise consistent with seeking best execution. Doing so presents a potential conflict of interest. In no event, however, will BCM select a broker-dealer as a means of remuneration for recommending BCM or any other product managed by BCM (or an affiliate) or affording BCM with the opportunity to participate in capital introduction programs.

BCM anticipates that it may purchase or sell the same security for more than one Advisory Client at or near the same time and using the same executing broker. BCM may, where appropriate, generally aggregate client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation may enable BCM to obtain for Advisory Clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

When an aggregated order is completely filled, BCM will generally allocate the securities purchased or proceeds of sale pro rata among the participating accounts, based on the respective desired size of the purchase or sale order and the investment interests, objectives and/or guidelines applicable to that Advisory Client. Adjustments or changes may be made from the foregoing under certain circumstances, including but not limited to the following: available investable capital; portfolio and risk management strategies; tax, legal, regulatory (e.g., SEC and Federal Trade Commission rules and regulations) matters; actual and desired asset levels and cash flow considerations; portfolio liquidity; timing and size of capital contributions and redemptions; market conditions; whether certain accounts would receive nominal or de minimis allocation amounts; portfolio concentration; and participation in prior investments in the same issuer, among other factors. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, an Advisory Client account participating in the trade may pay a higher price than if BCM did not aggregate the order. If an aggregated order is only partially filled, BCM's procedures provide that the securities or proceeds are to be allocated pro rata or in another manner deemed fair to Advisory Clients.

In the course of carrying out trading and investing responsibilities for Advisory Clients, "trade errors" may occur (i.e., errors in executing specific trading instructions). Examples of trade errors include: (i) buying or selling an asset at a price or quantity that is inconsistent with the specific trading instructions generated by BCM; or (ii) buying rather than selling a particular asset (and vice versa). It is BCM's policy to take the utmost care in making and implementing investment decisions for its Advisory Client accounts. To the extent trading errors occur, BCM has implemented policies and procedures that seek to ensure that its Advisory Clients are not penalized and that their best interests are served.

### Item 13: Review of Accounts

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Advisory Client portfolios will be reviewed on a periodic basis by the Chief Executive Officer and other relevant personnel to evaluate conformity with investment objectives and guidelines set forth in the respective Governing Documents and/or Investment Management Agreement. BCM will engage in active management for its Advisory Clients and accordingly will review existing investments, potential investments, investment guidelines, the suitability of the investments, cash availability, and investment objectives. BCM will consider, among other things, investment performance, any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

BCM and the Funds will engage an independent administrator (the "**Fund Administrator**") to help Fund Investors with subscription, account maintenance, performance tracking and periodic informational matters. Fund Investors will receive an annual financial statement audited by an independent accounting firm registered with and subject to inspection by the Public Company Accounting Oversight Board, and in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the Fund's fiscal year end. Fund Investors will also receive monthly performance updates and a quarterly performance letter and will have access to periodic account statements directly from the Fund Administrator. Reporting with respect to BCM's Accounts will be determined at the time of engagement and agreed upon with the applicable Advisory Client.

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

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BCM currently has no arrangements whereby it receives an economic benefit from any person who is not an Advisory Client for providing investment advice or other advisory services to its Advisory Clients.

BCM may, but does not intend to, retain a third party for the purpose of soliciting prospective Advisory Clients or investors in the Funds. To the extent BCM engages in referral activities, they will be conducted subject to SEC Rule 206(4)-1 under the Advisers Act, as well as relevant guidance, and will be subject to oversight by the CCO.

**Item 15: Custody**

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BCM and its affiliates expect that BCM will be deemed to have custody of the assets of the Funds and the Account, and BCM intends to comply with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the pooled vehicle annual audit provision of the rule. Neither BCM nor any affiliate will actually have physical custody of any Fund or Account asset (other than certain privately offered securities as set forth below); rather, all such assets are held by an independent qualified custodian.

However, BCM may, on behalf of Advisory Clients, purchase privately offered securities and securities evidenced by stock certificates. Such investments when owned by a private fund are generally exempted from the requirement that such assets be maintained with a qualified custodian. BCM may, at times, maintain such securities on behalf of the Funds or maintain them with the issuer or the issuers' transfer agents rather than with a qualified custodian.

**Item 16: Investment Discretion**

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As applicable, BCM will have discretionary authority to manage the securities accounts on behalf of Advisory Clients and is authorized to enter into transactions on their behalf. BCM generally receives discretionary authority from the Advisory Client at the outset of an advisory relationship, by means of investment management or similar agreements, or, in the case of the Funds, through the Governing Documents, which grant a power of attorney in favor of BCM to select the identity and amount of any investments to be bought or sold for Advisory Clients. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the applicable Advisory Client.

#### Item 17: Voting Client Securities

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BCM has established proxy voting policies and procedures designed to ensure that proxies are voted in the best interest of the Advisory Client. When voting proxies, BCM must identify and address material conflicts that may arise between BCM's interests and those of the Advisory Client. Specifically, BCM will monitor the potential for conflicts of interest that might arise from personal relationships that BCM or its employees may have with parties involved in the vote, and other special circumstances.

If BCM determines that a conflict of interest exists as to a particular issuer, relevant personnel and the CCO will together determine whether the conflict is material to the vote. If it is determined not to be material, BCM will proceed without further procedures. If it is determined to be material, BCM will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote or voting in accordance with a predetermined policy, if any. BCM may abstain from voting proxies when BCM believes that it is appropriate to do so. BCM has retained ProxyEdge to assist with notifications of ballots on which BCM may vote, the collection and submission of votes and electronic record keeping of BCM's proxy voting.

A copy of BCM's proxy voting policies and procedures and information on how BCM has voted proxies are available upon request from BCM's CCO.

**Item 18: Financial Information**

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BCM is not required to include a balance sheet for its most recent fiscal year as it does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.