

OrbiMed Advisors LLC

Part 2A of Form ADV

Brochure

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This brochure (“Brochure”) provides information about the qualifications and business practices of OrbiMed Advisors LLC, and its relying adviser OrbiMed Capital LLC (“OrbiMed”, the “Investment Adviser”, “we”, “us”, and similar terms). If you have any questions about the contents of this brochure, please contact us at 212-739-6400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about OrbiMed is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

We last filed an annual update to this Brochure in March 2023. We are required to identify and discuss material changes made to this Brochure since that last annual update. While this update to our Brochure contains changes and updates to certain information, we believe there are no material changes since the last annual update of our Brochure.

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Item 4. Advisory Business

OrbiMed is an investment manager focused exclusively on the healthcare sector. OrbiMed's predecessor was founded in 1989, and OrbiMed is owned by Sven H. Borho, Carl L. Gordon, W. Carter Neild, Geoffrey C. Hsu, C. Scotland Stevens, David P. Bonita, Matthew S. Rizzo, and Peter A. Thompson. As of December 31, 2023, OrbiMed managed approximately \$12.1 billion on a discretionary basis on behalf of 31 clients.

This Brochure generally includes information about us and our relationships with our clients. While much of this Brochure applies to all such clients, certain information included herein applies to specific clients only.

OrbiMed provides discretionary investment management services to U.S. and non-U.S. public and private funds. In providing such services, OrbiMed utilizes strategies based on evaluating pharmaceutical, biotechnology, medical device, healthcare services and other companies in the global healthcare sector. Such strategies generally include, within the healthcare sector and subject to the investment program of each client, investments in the securities of U.S. and non-U.S. public and/or private companies. The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each

client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Our investment decisions and advice with respect to each client will be subject to each client's investment objective and guidelines, as set forth in its respective offering documents. Clients are permitted to set guidelines for their accounts which customize OrbiMed's core strategies, including restrictions related to sub-sector, geographic and other weightings. In providing its investment advisory services, OrbiMed determines when and which investments will be acquired, disposed of, or exchanged on behalf of its clients to maintain a portfolio consistent with each client's objectives.

OrbiMed does not currently participate in any Wrap Fee Programs.

Item 5. Fees and Compensation

OrbiMed's fees for advisory services vary among its clients and are separately set with each client. OrbiMed typically charges investment management or advisory fees based on a percentage of the net assets under management, such fees vary based on the amount and type of assets involved but are generally not expected to exceed 2% for public fund clients and 2.5% for private fund clients (subject to such conditions and other terms as are set out in each fund's offering and other organizational documents). Such fees are typically payable in arrears based on the average monthly or quarterly net assets of the client's account. Detailed information regarding the fees or expenses for a specific client or fund is set out in the applicable investment management agreement or fund documents.

OrbiMed also enters into investment management agreements or similar arrangements that provide for performance-based compensation as well as a base management fee. With respect to OrbiMed's private fund clients, such performance-based compensation generally takes the form of an allocation or fee and includes a portion (typically 20% or 25%) of the relevant fund or account's net capital appreciation, calculated after deduction of the base management fee and adjusted to reflect additions to, and deductions from, the client's assets during the relevant period. In some cases, the performance-based compensation is based on the extent to which the performance of the fund or account exceeded a specified rate of return. For certain, but not all, client accounts, performance-based compensation is calculated on a cumulative or annual "high-watermark" basis. Thus, any deficiency in performance for a period may have an offsetting effect on performance-based compensation (but not other compensation) for subsequent periods until fully applied. Adjustments to high-watermarks will be made to reflect subsequent withdrawals of capital prior to the elimination of the high-watermark. OrbiMed is typically not required to refund any performance-based compensation received with respect to measurement periods prior to any period in which an underperformance occurs, although such a requirement may apply in a particular case. OrbiMed's fee arrangements with its public fund clients also include performance-based compensation components, although the specific structure and terms of such compensation varies by fund. Such performance-based compensation is more fully described in each particular fund's publicly available disclosure documents. Clients also incur custodial, brokerage, legal, due diligence, and other transaction costs payable to third parties, which are in addition to OrbiMed's investment management/advisory fees and any performance-based compensation. OrbiMed's clients also incur the costs of their third party fund administration, third party valuation agents, corporate entity filing fees. Newly created private funds also incur their respective organizational expenses as more fully detailed in their applicable governing fund documentation.

Fees and compensation paid to OrbiMed or its affiliates by clients are generally deducted from the assets of such clients. As discussed above, management fees are generally charged on a quarterly basis and performance compensation is generally charged on an annual basis.

From time to time, OrbiMed's members or employees receive director's or other fees or remuneration (whether in the form of cash, securities or otherwise) from portfolio companies of OrbiMed private equity/venture capital and royalty funds in connection with such members' or employees' service on the boards of directors of such companies. Such fees or remuneration will be used to reduce certain fees owed to OrbiMed by the applicable client(s), or the economic benefit thereof will otherwise be provided to such client(s), in each case in accordance with and subject to the applicable terms of the clients' respective governing documents. Any such fee reduction is allocated among the applicable client funds on a fair and equitable basis, which is generally *pro-rata* based on the clients' relative ownership of the portfolio company. OrbiMed will pay any such remuneration in excess of a client's fees that exists at the time of a client's final liquidation directly to the client or its underlying investors (unless such underlying investor has waived their prorated share of such excess remuneration). The fee or remuneration is generally received directly by such OrbiMed member or employee or by OrbiMed or an affiliated entity, in which case OrbiMed then provides offsetting credits or makes commensurate payments to the relevant clients. Any such fee or remuneration must be at the standard rate proposed by the portfolio company and may not be dependent on the performance of the portfolio company (except to the extent that such compensation includes securities issued by the company) or the size of the investment in the portfolio company by OrbiMed and its clients. OrbiMed members and employees generally do not receive break-up, success, monitoring, or other similar fees in connection with their board of directors or other service to portfolio companies, but if they did it is expected that such fees would be treated in the same manner as director's fees. Venture Partners and Entrepreneurs-in-Residence engaged by OrbiMed or its affiliates as consultants are generally permitted to retain compensation they receive from OrbiMed private equity/venture capital and royalty fund portfolio companies for services to such companies as executives, directors or consultants. Such consultant compensation is not generally allocated to the OrbiMed funds invested in such companies and does not generally create an offsetting credit to investment management or advisory fees or any performance-based compensation due to OrbiMed or its affiliates.

In some cases, OrbiMed negotiates on behalf of a client, typically a private equity/venture capital or royalty fund, to have a portfolio company of the client pay for transaction-related expenses related to the client's investment in the portfolio company that would otherwise be payable by the client fund or OrbiMed. Fund clients' governing documents also generally permit the applicable fund to incur expenses for "broken deals" (*i.e.*, transactions which are not ultimately consummated by the fund). Legal fees associated with the preparation of beneficial ownership regulatory filings are generally treated as fund expenses for OrbiMed's clients.

Certain investors in OrbiMed's funds (generally OrbiMed principals or employees and their relatives and investment or estate planning vehicles) do not pay management fees and/or performance-based compensation on their fund investments. However, such investors are still assessed their *pro-rata* share of fund expenses, which will either be paid by such investors directly or allocated to OrbiMed.

To the extent that clients invest in mutual funds, exchange-traded funds ("ETFs"), or other investments with underlying fees, clients will bear their proportionate share of such asset's management, trading, or administrative expenses.

Item 6. Performance-Based Fees and Side-by-Side Management

As stated in Item 5 above, OrbiMed receives different levels or types of performance-based compensation with respect to different client funds. Such differences in fee structures potentially create an incentive for OrbiMed to favor certain clients. OrbiMed does not, however, take such differing fees structures into account

in making investment recommendations or allocating trades. OrbiMed has adopted policies and procedures designed to address such potential conflicts, including policies that govern OrbiMed's trading practices. Such policies address, among other practices, personal trading by OrbiMed personnel, the aggregation and allocation of trades among clients, brokerage allocation, cross trades (as defined in Item 12 below), and best execution.

The potential for performance-based compensation, or different levels or types of performance-based compensation, potentially creates an incentive for OrbiMed to make investments on behalf of the relevant clients that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. However, OrbiMed manages each such fund in accordance with the investment strategies disclosed in the fund's offering document to ensure that fund investors and clients are aware of the relevant strategies and related risks.

Item 7. Types of Clients

OrbiMed currently provides investment management services to a number of investment funds (U.S. and non-U.S.) that are not required to register under the Investment Company Act or register their securities under the U.S. Securities Act of 1933, as amended, pursuant to various exceptions and exemptions provided under those statutes.

The private investment funds for which OrbiMed serves as the investment adviser, general partner or in a similar capacity generally require investors to meet certain eligibility criteria under the applicable securities laws. These funds also generally require substantial minimum initial investments, which vary by fund from \$500,000 to \$25 million. These minimum initial investments are waived or reduced in certain circumstances, and lower minimum initial investment requirements apply in some cases to OrbiMed personnel and certain related investors.

OrbiMed and certain funds that it manages are authorized to issue classes of interests or enter into "side letters" or similar written agreements that provide certain investors in such funds with particular terms that differ from those of other investors, such as with respect to fees or minimum subscription amounts.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

OrbiMed generally seeks long-term capital appreciation through investments in companies in the global healthcare sector. The instruments in which OrbiMed invests include U.S. and non-U.S. equities, both long and short, as well as privately placed securities, debt securities, royalty bonds and other royalty instruments, currencies, private investments in public equity securities ("PIPEs"), ETFs, index options, and derivatives (including swap agreements). OrbiMed attempts to employ a disciplined investment style and achieve diversification within the global healthcare sector, with the goal of creating attractive risk-adjusted returns.

When evaluating securities for investment, OrbiMed employs various valuation techniques and conducts extensive due diligence, including, but not limited to, company visits, discussions with company management, and qualitative and quantitative screening. Additionally, OrbiMed representatives also serve as members of, or observers on, certain portfolio companies' boards of directors.

Material, Significant, or Unusual Risks Relating to Investment Strategies. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the funds advised by OrbiMed. These risk factors include only those risks OrbiMed believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by OrbiMed.

Risk of Loss. The strategies OrbiMed employs in the client funds it manages and the financial instruments used to implement those strategies are highly speculative. The strategies may not be successful in meeting their performance objectives, and potential clients and fund investors should not invest with OrbiMed unless they can bear the risk of a complete loss of their capital. There is no assurance that the strategies will be able to generate returns or that the returns will be commensurate with their inherent risks. The past investment performance of any funds or accounts managed and/or sponsored by OrbiMed cannot be taken to guarantee future results of those or any other OrbiMed clients.

Relationships with Portfolio Investments. Publicly traded companies in which OrbiMed public equity funds invest (“Corporate Investors”), may themselves (either directly or through a subsidiary focused on investing in funds) invest in the private funds advised by OrbiMed. This has happened in the past and OrbiMed expects it to occur in the future. These investments present at least three potential conflicts of interest. First, OrbiMed charges the Corporate Investors fees, including asset-based fees and performance-based compensation (just as it would any other investor in its funds). The compensation received is expected to be commensurate with fees charged by other third-party alternative investment managers. These fees and other compensation by their nature reduce the revenue of the given Corporate Investor; however, none of these fees or compensation has been or will be rebated to any investor or to any OrbiMed client fund. Second, the portfolio manager of an OrbiMed public equity fund could potentially be influenced in the decision to purchase or sell a security by the fact that such security was issued by a Corporate Investor because, for example, OrbiMed might not want that Corporate Investor to redeem from the relevant public equity fund or not invest in a future venture capital fund. Prospective investors should consider the effects of possible reduced investment opportunities resulting from these relationships (although OrbiMed has implemented measures to mitigate such conflicts, as noted below). Third, OrbiMed may decide to restrict trading in the shares of a Corporate Investor, which could reduce the investment opportunity set for its client fund investors (assuming the Corporate Investor operates in the healthcare space, which is often the case). However, OrbiMed has adopted policies and procedures designed to address such conflicts, including actively reviewing and monitoring all activity related to Corporate Investors. Further, OrbiMed does not provide services to its Corporate Investors other than indirectly through investment advice to the OrbiMed funds nor does OrbiMed accept fees or payments directly from Corporate Investors other than indirectly through fees charged to the clients.

Valuation of Assets. There is not expected to be an actively traded market for some of the securities owned by OrbiMed clients. When estimating fair value, OrbiMed will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by OrbiMed may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Significant Positions in Securities; Regulatory Requirements. In the event an OrbiMed client acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the client may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the client and OrbiMed. Any such requirements may impose additional costs on the client and may delay the acquisition or

disposition of the securities or the client's ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, if the clients, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the Exchange Act, the clients may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the clients will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

As noted herein, the clients, acting either alone or as part of a group, may acquire a "control" position in an issuer's securities. This may subject the clients to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Commodity Interest Trading Limit. Most clients do not trade in commodity interests. OrbiMed currently operates the clients that do trade commodity interests subject to the CFTC Rule 4.13(a)(3) de minimis exemption (the "4.13(a)(3) Exemption"). While the 4.13(a)(3) Exemption provides relief from certain CFTC reporting and recordkeeping requirements, it generally requires the clients to, among other things, have de minimis levels of commodity interest trading. Accordingly, the clients will operate with significant restrictions upon its trading of the instruments that are restricted under the 4.13(a)(3) Exemption, such as commodity futures, security futures options thereon and certain swaps. As a substitute for such instruments, the clients may trade other instruments that are not restricted under the 4.13(a)(3) Exemption. As a result, the clients may incur higher transaction costs or effect a less optimal hedge than it would otherwise be able to if it were not operated subject to the 4.13(a)(3) Exemption.

Long/Short. The success of certain clients' long/short investment strategy depends upon OrbiMed's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of the clients' long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the clients' positions were to fail to converge toward or were to diverge further from values expected by OrbiMed, the clients may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the clients to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with OrbiMed's long/short strategies may become outdated and inaccurate as market conditions change.

Short Selling. The success of certain clients' short selling investment strategy depends upon OrbiMed's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the clients of buying those securities to cover the short position. There can be no assurance that the clients will be able to maintain the ability to borrow securities sold short. In such cases, the clients can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the

securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the clients secure a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the clients to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the clients.

Long-Term. The success of the clients’ long-term investment strategy depends upon OrbiMed’s ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the clients may forego value in the short-term or temporary investments in order to be able to avail the clients of additional and/or longer-term opportunities in the future. Consequently, the clients may not capture maximum available value in the short-term, which may be disadvantageous, for example, for investors who withdraw all or a portion of their investment before such long-term value may be realized by the clients.

Merger Arbitrage. The success of the clients’ merger or “risk” arbitrage strategy depends upon OrbiMed’s ability to identify and exploit merger activity to capture (or sell short) the spread between current market values of securities and their values after successful completion of a merger, restructuring or similar corporate transaction. Merger arbitrage investments often incur significant losses when anticipated merger or acquisition transactions are not consummated. The consummation of mergers, tender offers and exchange offers can be prevented or delayed, or terms can be changed, as a result of a variety of factors, including: (i) regulatory and antitrust restrictions; (ii) political factors; (iii) industry weakness; (iv) stock-specific events; and (v) failed financings. Merger arbitrage positions also are subject to the risk of overall market movements. To the extent that a general increase or decline in equity values affects the stocks involved in a merger arbitrage position differently, the position may be exposed to loss. Merger arbitrage strategies also depend for success on the overall volume of merger activity, which historically has been cyclical in nature.

Proxy Contests and Unfriendly Transactions. The clients may purchase securities of a company that is the subject of a proxy contest on the expectation that new management will be able to improve the company’s performance or effect a sale or liquidation of its assets so that the price of the company’s securities will increase. If the incumbent management of the company is not defeated or if new management is unable to improve the company’s performance or sell or liquidate the company, the market price of the company’s securities will typically fall, which may cause the clients to suffer a loss.

In addition, where an acquisition or restructuring transaction or proxy fight is opposed by the subject company’s management, the transaction often becomes the subject of litigation. Such litigation involves substantial uncertainties and may impose substantial cost and expense on the company participating in the transaction.

Short-Term Market Considerations. OrbiMed’s trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Leverage and Borrowing.

Leverage for Investment Purposes. The use of leverage will allow certain clients to make additional investments, thereby increasing their exposure to assets, such that their total assets may be greater than their capital. However, leverage will also magnify the volatility of changes in the value of the clients' portfolios. The effect of the use of leverage by the clients in a market that moves adversely to its investments could result in substantial losses to the clients, which would be greater than if the clients were not leveraged.

Borrowing for Cash Management Purposes. The clients have the authority to borrow for cash management purposes, such as to satisfy withdrawal requests or to complete an investment in lieu of making a capital call. The rates at and terms on which the clients can borrow will affect the operating results of the client.

Collateral. The instruments and borrowings utilized by the clients to leverage investments may be collateralized by all or a portion of the clients' portfolio. Accordingly, the clients may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the clients' margin accounts decline in value, the clients could be subject to a "margin call", pursuant to which the clients must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the clients can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the clients may have similar rights. There can be no assurance that the clients will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the clients' portfolio.

Lending of Portfolio Securities. Certain clients may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the clients will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially. In addition, the clients may lose its right to vote the proxies with respect to equity securities loaned to others.

Diversification and Concentration. OrbiMed may select investments that are concentrated in a limited number or types of securities. In addition, the clients' portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries, or geographic regions. Clients invest solely in healthcare-related securities. This limited diversification may result in the concentration of risk, which, in turn, could expose the clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Lack of Control. The clients may invest in debt instruments and equity securities of companies that it does not control, which the clients may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the clients do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the clients' interests. In addition, the clients may share control over certain investments with co-investors, which may make it more difficult for the clients to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the clients and the investors' investments therein.

Hedging Transactions. The clients may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the clients' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the clients' unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the clients' securities; (vii) protect against any increase in the price of any securities the clients anticipates purchasing at a later date; or (viii) act for any other reason that OrbiMed deems appropriate. The clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. OrbiMed may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the clients than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Discretion of OrbiMed; New Strategies and Techniques. While OrbiMed will generally seek to employ the representative investment strategies and techniques discussed herein, OrbiMed has considerable discretion in the types of securities the clients may trade and has the right to modify the investment strategies and techniques of the clients. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the clients. In addition, any new investment strategy or technique developed by the clients may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the clients.

General Economic and Market Conditions. The success of the clients' activities 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 the clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the clients' investments. Volatility or illiquidity could impair the clients' profitability or result in losses. The clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Trading Limitations when OrbiMed Possesses Material Non-Public Information or Is Otherwise Restricted. From time to time, in the course of managing its client accounts, OrbiMed or its affiliates receive material non-public information ("MNPI") with respect to an issuer of publicly traded securities, such as where OrbiMed has a representative on the issuer's board of directors, is considering or holding a PIPE or other private investment in the issuer, or has received MNPI about

the issuer pursuant to a confidentiality agreement entered into with the issuer. In such circumstances, OrbiMed is generally prohibited, by law, policy or contract, for a period of time, from (i) unwinding or decreasing a position in such issuer or any other issuer materially impacted by the information, (ii) establishing an initial position or increasing an existing position in such issuer or any other issuer materially impacted by the information, and (iii) pursuing other investment opportunities related to such issuer or any other issuer materially impacted by the information. Such restrictions typically continue until the information is no longer non-public or OrbiMed is otherwise permitted to effect a transaction in such securities in compliance with applicable anti-insider trading regulations. During that period, the restrictions may have an adverse effect on a client, including to the extent that the client may be required to hold securities of a portfolio company as to which OrbiMed has unfavorable information or may be restricted from acquiring securities of a company as to which OrbiMed has favorable information.

Similar restrictions sometimes apply where OrbiMed does not possess MNPI about the issuer but has a representative on the issuer's board of directors or is otherwise subject to the issuer's trading policies or to regulatory limitations applicable to the issuer and its directors and affiliates.

Governmental Interventions. Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the clients' strategies.

Potential Interest Rate Volatility. The uncertainty of the U.S. and global economy, changes in U.S. government policy, and changes in the federal funds rate, increase the risk that interest rates will remain volatile in the future. Sustained future interest rate volatility may cause the value of the fixed income assets held by the clients to decrease or force clients to liquidate such securities at disadvantageous prices negatively impacting the performance of the clients.

MiFID II. The package of European Union market infrastructure reforms known as "MiFID II" increased regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments over time, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Other regulatory changes, such as an increase in the scope of commodities and commodity derivatives regulation, including position limits and regulatory position management powers could, over time, similarly lead to liquidity reduction and/or an increase in costs and spreads in the European commodities markets.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of OrbiMed to execute the investment program.

Sanctions. The clients' operations are or may become subject to economic sanctions laws and regulations of various jurisdictions. At any given time, whether under applicable law, by contractual commitment or as a voluntary risk management measure, the clients may be required, or elect, to comply with various sanctions programs, including the Specially Designated Nationals and Blocked Persons List and Sectoral Sanctions programs administered by OFAC, the sanctions regimes administered by subsidiary organs of the United Nations Security Council, the Sanctions Orders of the Cayman Islands (including as extended to the Cayman Islands by Order of the government of the United Kingdom from time to time), and the Restrictive Measures adopted by the European Union. Some sanctions that may apply to the clients prohibit or restrict dealings with particular identified persons. Other potentially applicable sanctions programs broadly prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. In addition to such current sanctions, additional sanctions may be imposed in the future. Such sanctions may be imposed with little or no advance warning or "safe harbor" for compliance and may be ambiguous, including as to the scope of financial activities that regulators may ultimately deem to be covered by the sanctions.

Sanctions may negatively impact the clients' ability to effectively implement its investment strategy and have a material adverse impact on the clients' investment program. Sanctions may adversely affect the clients in various ways, including by preventing or inhibiting the clients, or OrbiMed on the clients' behalf, from making certain investments, forcing the clients to divest from investments previously made, and leading to substantial reductions in the revenues, profits and value of companies in which the clients has invested. In addition, if the clients or OrbiMed, were to violate or be deemed in violation of any such sanction, it could face significant legal and monetary penalties. Depending on the scope and duration of a particular sanctions program, compliance by the clients may result in a material adverse effect on the clients and the investors' investments therein.

Micro-, Small- and Medium-Capitalization Companies. Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

Healthcare Sector. Investing in securities and other instruments of healthcare companies involves substantial risks, including (but not limited to) the following: certain companies in the portfolio of the clients may have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training may result in slow or impeded growth of a company; the possibility of lawsuits related to patents or products; obsolescence of products; change in government policies; changes in investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky); volatility in the U.S. stock markets that affects the prices of healthcare company securities resulting in substantial volatility in the performance of the clients; and the fact that many companies in the healthcare sector are subject to extensive government regulation.

The clients may invest in the securities of healthcare companies engaged in the development of products or technologies or that are conducting clinical trials on products. Obtaining product approval often requires the submission of extensive preclinical and clinical data, information about

product manufacturing processes, and inspection of facilities and supporting information for each therapeutic indication to establish a product candidate's safety and efficacy. Varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent regulatory approval of a product candidate. The process of obtaining and maintaining regulatory approvals may vary and involves substantial regulatory discretion, is expensive, and often takes many years, if approval is obtained at all. Failure to obtain and maintain regulatory approval for a product candidate following a business combination would have an adverse effect on the value of the underlying securities of a healthcare company.

Intellectual property rights in the fields of medical devices, diagnostics, pharmaceuticals and biotechnology are highly uncertain and may involve complex legal and scientific questions. Healthcare companies may not be able to obtain additional issued patents relating to their products, methods, processes, services or other technologies. Even if issued, patents may be challenged, narrowed, invalidated or circumvented, or others may obtain patents claiming aspects similar to those covered by such patents and patent applications, which factors could limit a company's ability to stop competitors from marketing similar products or services, limit the length of term of patent protection they may have for their products or services, and expose them to substantial costs and risks in litigation and administrative proceedings and drain resources. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of a company's intellectual property or narrow the scope of its patent protection.

The testing and marketing of medical products and technologies entail an inherent risk of product liability. Accordingly, companies in the healthcare industry may be exposed to potential liability risks inherent in the testing, manufacturing, marketing and sale of healthcare products and/or the provision of healthcare services. A liability claim or the imposition of liability may have an adverse effect on the market prices of a company's securities.

Non-U.S. Exchanges. The clients may trade on exchanges or markets located outside the United States. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments. Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the clients' investment opportunities. Diplomatic developments could affect the value and marketability of clients' investments in certain countries. In addition, accounting and financial reporting standards that prevail outside of the United States generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the United States than for those located in the United States. As a result, the clients may be unable to structure its

transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the clients' rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the United States. Accordingly, the protections accorded to the clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Investments in Emerging Markets. The clients invest their assets in securities of emerging market companies. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the clients' financial instruments with non-U.S. brokers and securities depositories.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The clients could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the clients or gains from the disposition of such financial instruments.

In emerging markets, there is often less governmental supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The clients may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

Assumption of Business, Terrorism and Catastrophe Risks. The clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; political or social instability; war or insurrection; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets

in which the clients participate (or has a material effect on locations in which OrbiMed operates) the risks of loss can be substantial and could have a material adverse effect on the clients and the investors' investments therein.

Risks Associated with Particular Types of Securities. OrbiMed does not recommend a particular type of investment instrument to clients, but rather, OrbiMed recommends and invests in multiple investment instruments. Given the broad discretion OrbiMed has in managing its clients, any one or more of the risks listed in the previous section may be incurred by our clients.

However, because it may be useful in understanding our investment program, set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized by OrbiMed:

Convertible Securities. 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 held by the clients is called for redemption, the clients 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 the clients' ability to achieve its investment objective.

Debt Securities Generally. Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Interest Rate Risk. Changes in interest rates can affect the value of the clients' investments in fixed-income instruments. Increases in interest rates may cause the value of the clients' debt investments to decline. The clients may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the clients' portfolios in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may

underperform relative to hedges that OrbiMed may have constructed for these investments, resulting in a loss to the clients' overall portfolios. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

High-Yield. Bonds or other fixed-income assets that are "higher yielding" (including non-investment grade) debt securities or private loans are generally not exchange-traded. High-yield assets face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield assets are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield assets may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt assets tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated assets. Companies with such obligations may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the clients may invest in bonds or debt obligations of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The clients may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Corporate Debt. Debt issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the clients may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (e.g., the principal owed to the clients in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the clients may experience substantial losses. In the event of the insolvency of a debt obligor of the clients or similar event, the clients' debt investments therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt. Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt. Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can

be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Investments in Distressed Securities. The clients may invest in “below investment grade” securities and obligations of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These assets are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies’ securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the clients’ investment in any instrument, and a significant portion of the obligations and preferred stock in which the clients invest may be less than investment grade. Any one or all of the issuers of the securities in which the clients may invest may be unsuccessful or not show any return for a considerable period of time. There is no assurance that OrbiMed will correctly evaluate the value of the assets collateralizing the clients’ loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the clients invest, the clients may lose its entire investment, may be required to accept cash or securities with a value less than the clients’ original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the clients’ investments may not compensate the clients adequately for the risks assumed.

Equity Securities Generally. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the clients may suffer losses if it invests in equity instruments of issuers whose performance diverges from OrbiMed’s expectations or if equity markets generally move in a single direction and the clients has not hedged against such a general move. The clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Exchange-Traded Funds. ETFs are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF’s expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the clients’ expenses (e.g., Management Fees and operating expenses), investors may also indirectly bear similar expenses of an ETF.

Illiquid Securities. Certain securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the clients may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The clients may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the clients may be required to hold such securities despite adverse price movements. Even those markets which OrbiMed expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the clients' interests.

PIPE Transactions. The clients may make private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a "PIPE" transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly-issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in the clients acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. The clients' ability to dispose of securities acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of any small capitalization company due to the possible small number of stockholders. As a result, even if the clients are able to have securities acquired in a PIPE transaction registered or sell such securities through an exempt transaction, the clients may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of the clients' investments.

Preferred Stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is

subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Private Equity Investments.

Risk of Early Stage Companies. Investments in the private equity of companies at an early stage of development involves a high degree of business and financial risk. 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, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may 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.

Control Issues. Although OrbiMed may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent the clients take minority positions in companies in which it invests, OrbiMed may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

Restricted Securities. Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by the clients. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Undervalued Securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the clients' investments may not adequately compensate for the business and financial risks assumed.

Unlisted Securities. Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Item 9. Disciplinary Information

OrbiMed and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the firm or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

OrbiMed and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

OrbiMed and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

OrbiMed Capital LLC ("Capital") is a relying adviser of OrbiMed and serves as the investment adviser to a number of non-U.S. funds that invest in public and private securities of U.S. and non-U.S. companies, primarily in the pharmaceutical, biotechnology, medical device and healthcare services industries. Capital is deemed to be registered with the SEC as an investment adviser. Capital's investment advisory activities are subject to the Investment Advisers Act of 1940, and the rules thereunder (the "Investment Advisers Act"). In addition, all OrbiMed employees and persons acting on behalf of Capital are subject to the supervision and control of OrbiMed. OrbiMed and Capital have the same primary place of business and are under common control. OrbiMed's risks, conflicts of interest, and policies and procedures described in more detail throughout this brochure apply equally to Capital unless otherwise noted.

OrbiMed is also affiliated with entities that provide investment advisory and/or management services but are not registered as investment advisers with the SEC, including: OrbiMed Capital GP IV LLC, OrbiMed Capital GP V LLC, OrbiMed Capital GP VI LLC, OrbiMed Capital GP VII LLC, OrbiMed Capital GP VIII LLC, OrbiMed Capital GP IX LLC, OrbiMed Asia GP, L.P., OrbiMed Asia GP II, L.P., OrbiMed Asia GP III, L.P., OrbiMed Asia GP IV, L.P., OrbiMed Asia GP V, L.P., OrbiMed Advisors India Private Limited, OrbiMed Israel BioFund GP Limited Partnership, OrbiMed Israel Partners Limited, OrbiMed Israel GP II, L.P., OrbiMed Advisors Israel II Limited, OrbiMed ROF II LLC, OrbiMed ROF III LLC, OrbiMed ROF IV LLC, OrbiMed Genesis GP LLC, and OrbiMed New Horizons GP LLC (together, the "Related Advisers"). The Related Advisers generally serve as general partners of or in similar capacities for certain funds, and OrbiMed or the relevant Related Adviser is generally responsible for all decisions regarding portfolio transactions of such funds and has full discretion over the management of the applicable fund's investment and trading activities. While the Related Advisers are not SEC-registered investment advisers, their investment advisory activities are subject to the Investment Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Related Advisers are subject to the supervision and control of OrbiMed. OrbiMed, Capital, and most of the Related Advisers have the same primary place of business, and all of the Related Advisers are under common control by OrbiMed or its affiliates.

Certain of OrbiMed's principals have a minority financial interest in Frostrow Capital LLP ("Frostrow"). Frostrow is the alternative investment fund manager of Worldwide Healthcare Trust PLC and The Biotech Growth Trust PLC (the "UK Trusts"), which are closed-end UK investment trusts listed on the London Stock Exchange. Capital is the investment manager of both funds, and a principal of OrbiMed serves on each fund's board of directors.

From time to time, OrbiMed or an affiliate structures and serves as the general partner of, investment adviser to, or in a similar capacity for special-purpose vehicles ("SPVs") formed for the purpose of acquiring and

holding assets of a fund client in a manner that addresses specific tax, legal or regulatory concerns. The SPVs are typically pass-through entities that receive no management fees, performance fees or other economic benefit in connection with the acquisition of such fund assets.

As described above, OrbiMed and its affiliates act as investment adviser, sponsor, general partner or in similar capacities for a number of pooled investment vehicles, some of which follow substantially similar investment programs. While the management of those client accounts create potential conflicts of interest, OrbiMed and its affiliates have adopted policies and procedures designed to prevent such conflicts from having an adverse effect on any particular client. For example, when it is determined that it would be appropriate for certain clients to participate in an investment opportunity, based on the nature of the opportunity and each client's investment guidelines, OrbiMed seeks to allocate the opportunity for all of the participating client accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the investment programs and portfolio positions of the client accounts for which participation may be appropriate. With respect to public securities, orders are typically combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price or other equitable basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis which OrbiMed or its affiliates consider equitable.

OrbiMed does not believe that the affiliations and client relationships described above create any material conflicts of interests with its clients or fund investors.

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

To avoid potential conflicts of interest involving personal trading by its personnel, OrbiMed has adopted a Code of Ethics (the "Code"). The Code requires all OrbiMed personnel to follow broad ethical principles and adhere to all applicable legal requirements in carrying out their professional obligations. The Code also establishes detailed policies and procedures governing personal trading by OrbiMed personnel, which include specific restrictions and prohibitions on certain personal trades, reporting requirements and monitoring procedures. Any existing or potential OrbiMed client or fund investor may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

Subject to the requirements of the Code, OrbiMed and its principals, employees and other affiliates, either directly or through investment vehicles, often invest in certain of its client funds. However, such investments are not considered in OrbiMed's management of those funds, and the funds are treated without preference in relation to OrbiMed's other clients. In addition, OrbiMed and its principals, employees and other affiliates, either directly or through investment vehicles, often invest on a joint and side-by-side basis with its clients in private transactions that are typically entered into directly with the issuer of the securities being purchased.

OrbiMed may on occasion effect, as agent and pursuant to OrbiMed's trading procedures, a purchase/sale of securities between two or more advisory clients or with a client of an affiliate (including, for these purposes, two or more separate series of a single entity). Such "cross trades" will only be permitted in the event that the transaction is a purchase or sale, for no consideration other than cash payment against prompt delivery, of a security for which a market quotation or other independent pricing is available, and which is effected at its current market price as provided by an independent pricing source.

Any cross trade transactions carried out by OrbiMed must be consistent with the investment objectives, policies and restrictions of the participants. The transaction must represent best execution for the participants in accordance with OrbiMed's fiduciary duties to its clients and none of the participants may be disfavored

by the terms of the transaction. In addition, no brokerage commission, fee or other remuneration may be received directly or indirectly by OrbiMed in connection with the transaction, other than OrbiMed's typical investment advisory fees and expenses.

To the extent that cross trades may be viewed as principal transactions due to the ownership interest in a client by OrbiMed or its personnel, or to the extent OrbiMed otherwise engages in principal transactions, OrbiMed will comply with the requirements of Section 206(3) of the Advisers Act.

OrbiMed generally does not buy securities from, or sell securities to, investment advisory clients. However, from time to time, OrbiMed or its principals or employees may purchase, hold or sell securities that are recommended to clients. In particular, this may be the case where OrbiMed or its principals or employees invest in a private equity vehicle managed by OrbiMed or its affiliates and receive a distribution of securities from such a vehicle. However, OrbiMed has adopted policies and procedures, primarily as reflected in the Code, to ensure that neither it nor its principals or employees personally benefit from the recommendations to clients. Dispositions of the securities described above by OrbiMed or its principals or employees would be subject to those policies and procedures.

Item 12. Brokerage Practices

Selection of Broker-Dealers. OrbiMed has full discretion to select brokers-dealers with or through which to execute transactions for advisory accounts and to negotiate and determine any commission rates to be paid for such transactions. OrbiMed has no affiliated broker-dealer. OrbiMed considers a number of factors when selecting a broker-dealer, which typically include one or more of the following: general execution capability; commission or other compensation rates; operational capability to clear and settle transactions; historical trading experience in the security; integrity of personnel; quality of research and brokerage services and products; importance to the client of speed, efficiency or confidentiality; willingness to commit capital; financial strength and stability; access to the markets for the security being traded; access to new investment opportunities; and access to liquidity.

Research and Other Soft Dollar Benefits. Due to consideration of the factors listed above, OrbiMed does not always select the broker-dealer offering the lowest commission or compensation rates, although in such cases it is OrbiMed's policy to make a good faith determination that the commission or other compensation rates are nevertheless reasonable in relation to the other factors affecting the selection. OrbiMed may select a broker-dealer that charges a commission or otherwise receives compensation in excess of that which another firm might have charged for effecting the same transaction in recognition of the value of research and brokerage services and products that OrbiMed receives. Those benefits may include (i) research and brokerage products and services provided by the executing broker itself; (ii) research products and services provided by a third party but delivered through the broker; and (iii) research products and services provided by a third party directly to OrbiMed but paid for with credits generated by trades executed with the broker.

The third category listed above includes arrangements sometimes referred to as "client commission arrangements" ("CCAs"). OrbiMed has established CCAs with multiple brokers. The commission credits generated through CCA trading for OrbiMed's client accounts with those brokers are collected in a centralized account at an aggregator, which has established its own arrangements with the participating brokers to facilitate CCAs, including the aggregator's receipt of fees from the brokers. OrbiMed then uses those credits to obtain research products and services provided by third parties directly to OrbiMed. The use of such CCAs provides OrbiMed with improved access to research resources and a more cost-effective brokerage credit administration system.

The research products and services received by OrbiMed under the CCAs described above assist OrbiMed

in providing investment advisory services to its client accounts. OrbiMed utilizes those arrangements to obtain products and services within the safe harbor of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and related regulatory guidance, as well as in compliance with OrbiMed’s policies and any applicable client guidelines. Those products and services may include: industry publications and periodicals; specific company research, analyses and recommendations, including as provided by physicians, medical researchers, attorneys or other consultants; economic forecasts; access to industry/market information and legal and regulatory filings; and research and modeling-related software.

OrbiMed uses products or services (which sometimes includes quotation and market information services, trade order management systems, and/or trading, settlement, portfolio accounting and risk management tools) that constitute part eligible research products or services and part administrative or other functions not related to the investment decision-making process. In such instances, OrbiMed makes a good faith allocation of brokerage commissions only for the research or brokerage portion of the service and pays out of its own resources for the non-research or brokerage portion. OrbiMed may also elect to pay out of its own resources for all or part of the portion attributable to research or brokerage functions, although it is not required to do so.

OrbiMed’s receipt of these products and services through the CCAs described above provide a benefit to OrbiMed because OrbiMed does not have to produce or pay for those products and services itself. As a result, OrbiMed potentially has an incentive to select a broker-dealer based on OrbiMed’s interest in receiving such products and services, rather than on its clients’ interest in receiving most favorable execution. However, OrbiMed has adopted policies and procedures designed to address such potential conflicts of interest and to help ensure that OrbiMed continues to meet its obligation to seek best execution for trades on behalf of its clients.

Research products and services acquired through these CCAs are used in servicing some or all of OrbiMed’s advisory accounts, regardless of which account actually paid the commissions that generated the credits used to purchase a particular product or service. As a result, research products and services are used in servicing accounts that pay fewer (or potentially none) of the commissions that generated the credits used to purchase those particular services and products, including accounts that do little or no trading. Some products or services may be used primarily or exclusively by clients invested primarily in private companies but paid for entirely with soft dollar commissions generated by clients invested primarily in public securities.

While OrbiMed itself is not subject to the Markets in Financial Instruments Directive (“MiFID II”), the UK Trusts are subject to certain MiFID II provisions including the requirement to “unbundle” broker commissions from research payments. Pursuant to guidance provided by the UK’s Financial Conduct Authority, OrbiMed provides the UK Trusts with an equivalent level of protection as required by MiFID II without unfairly burdening OrbiMed’s clients that are not subject to MiFID II. For each of the UK Trusts, OrbiMed sets a maximum research budget, provides reporting to the client on the value of each item of research, and maintains systems and controls to ensure that the receipt of research does not influence order routing or other best execution decisions.

OrbiMed does not recommend, request or require that a client direct OrbiMed to execute transactions through a specified broker-dealer.

Aggregating Trades. OrbiMed will generally combine purchases or sales of the same security executed at the same broker on the same day for multiple clients if OrbiMed makes a good faith determination that such aggregation is likely to result in an improvement in the execution and/or price of such transactions. Under such circumstances, transactions will generally be combined or aggregated unless:

- the trades to be executed for a particular client account are subject to limits or have to be entered at

- different times, such that aggregation would be inappropriate or impractical;
- OrbiMed is otherwise prohibited from aggregating the trades due to legal or contractual obligations; or
- OrbiMed determines in good faith that allocation on another basis is more appropriate in the circumstances, and such allocation does not result in an improper disadvantage to any of the participating clients.

Clients whose trades are aggregated in such an order will generally participate at the average price obtained for the aggregated order on a given trading date. Securities purchased in an initial public offering or subsequent offerings are considered to be separate transactions from subsequent purchases of the same security in the secondary market on the same day. If an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities are generally allocated among the different accounts *pro-rata* or on another basis which OrbiMed considers equitable. In addition, OrbiMed may engage in transactions on behalf of client accounts in which opposite trading may be effected during OrbiMed's trading program, such as where a particular client's need for liquidity or redemption proceeds may cause OrbiMed to sell a security for that client account while OrbiMed has a buy program in place for the same security for other accounts. In such instances, OrbiMed may engage in brokered riskless principal transactions, may execute both sides of the trade through one broker at different times, or may engage in cross trades. Clients whose orders do not participate in such forms of trading may incur higher transaction costs as a result.

Allocations of Limited Investment Opportunities. Conflicts may arise in the allocation of investment opportunities among accounts that OrbiMed advises. OrbiMed seeks to allocate investment opportunities that it believes are appropriate for one or more of its client accounts equitably, consistent with the respective governing documents for the participating client accounts, and consistent with the best interests of all accounts involved, in light of each client's general investment strategy and guidelines, including whether the client's investment mandate specifically focuses on the type of investment opportunity presented, and any applicable regulatory considerations, as well as the nature of the investment opportunities. OrbiMed has adopted policies and procedures designed to ensure the fair and equitable allocation of such opportunities. Pursuant to such policies and procedures, OrbiMed's investment allocation process may vary based on the type of investment strategy the relevant client account is pursuing (e.g., the allocation process applicable to clients pursuing a private equity strategy may differ from the process applicable to clients pursuing a public equity strategy). However, there can be no assurance that a particular investment opportunity that comes to OrbiMed's attention will be allocated in any particular manner.

The investment program and/or strategy for certain client accounts may specifically focus on a particular type of investment opportunity, such as a particular form of financial instrument or a particular geographic region. When OrbiMed's investment team is presented with a particular type of investment opportunity, the client accounts with an investment strategy that specifically focuses on this particular type of opportunity, as a matter of course, will generally have priority over other client accounts with respect to that opportunity, even if that opportunity would otherwise be a suitable investment for other client accounts. OrbiMed has full discretion to determine which client accounts participate in any investment opportunity that is presented to OrbiMed's investment team.

There may be circumstances under which OrbiMed will allocate an investment opportunity to the particular client for which that opportunity is most suitable but an additional client(s) is also able to participate in that opportunity because the investment exceeds the appropriate investment size for the client for which the opportunity is most suitable.

From time to time, OrbiMed is offered the opportunity to purchase securities in an initial public offering in part as a result of its past usage of various brokerage firms. When OrbiMed elects to participate in such

offerings, OrbiMed will generally allocate securities purchased in the offerings to eligible client accounts within the designated investment style and strategy for which the security is best suited on a *pro-rata* basis. Depending on the allocation received by OrbiMed in any such offering by the third party underwriter, OrbiMed has investment discretion to allocate such offering to a single client based on its reasonable assessment of its clients' strategies and current portfolios.

Clients invest (or may in the future invest) in a broad range of asset classes throughout the corporate capital structure, including investments in, preferred equity securities, common equity, securities, loans and debt securities, royalty streams or other financial structures. Accordingly, subject to any limitations under applicable law, multiple clients may invest in different parts of the capital structure of the same company or other issuer. For example, one client may invest in debt securities issued by a portfolio company in which another client has an equity investment. The interests of these clients may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. Actions taken on behalf of one client may be adverse to another client, or vice versa. While these conflicts cannot be eliminated, OrbiMed has implemented policies and procedures that seek to provide that, notwithstanding these conflicts, client investments are originated and managed in the best interests of all clients involved.

Where different clients invest in different parts of the capital structure of a portfolio company, their respective interests may diverge significantly in the case of financial distress of the company. For example, a client may hold a controlling equity interest in a portfolio company in which another client holds debt securities or of which it is otherwise a creditor. In a bankruptcy proceeding, the client holding an equity interest may be subordinated or otherwise adversely affected by virtue of such other client's involvement and actions relating to their investment. This may result in loss or substantial dilution of the client holding an equity investment, while the other client recovers all or part of amounts due to it. In addition, where a client is a creditor of a portfolio company in which another client holds more junior securities, such client may take actions in its own interests with respect to its rights as a creditor (e.g., with respect to breaches of covenants) that may be adverse to the interests of the client as an equity holder. There can be no assurance that the terms of or the return on any client's investment will be equivalent to or better than the terms of or the returns obtained by any other client participating in the transaction. OrbiMed's ability to implement the investment strategy for one client effectively may be limited to the extent that contractual obligations entered into in respect of investments made by other clients impose restrictions on engaging in transactions that OrbiMed may otherwise be interested in pursuing for the client.

OrbiMed occasionally manages accounts whose assets are beneficially owned by OrbiMed and/or its employees in accordance with investment strategies that differ from, but may overlap with, those pursued in existing client accounts ("Incubator Funds"). OrbiMed manages such accounts to develop investment products or mandates that may be suitable for outside clients or investors at some point in the future. When managing an Incubator Fund, OrbiMed seeks to allocate investment opportunities equitably among such funds and other clients consistent with OrbiMed's general allocation practices noted above.

Trade Errors. OrbiMed has internal controls in place to seek to prevent trade errors from occurring. In the event a trade error has been detected, OrbiMed seeks to correct the error promptly in a way that mitigates potential losses. The costs of a trade error in a client's account will generally be borne in accordance with the governing documents for the client's account and any applicable legal or regulatory requirements. OrbiMed will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected or attempted to be corrected.

Item 13. Review of Accounts

OrbiMed's client portfolios are generally reviewed on a daily basis by multiple personnel, including the portfolio managers, the Operations Team, the Chief Risk Officer, and the Compliance Team. The scope of these reviews typically includes the composition of the portfolios, relevant pricing information, risk exposure and compliance with any specific portfolio guidelines.

Clients generally receive information about their accounts with a frequency ranging from daily to quarterly and account statements monthly or quarterly. Account statements generally outline the type and size of the investments comprising the relevant client's portfolio.

Additionally, upon a client's request, OrbiMed will make an annual or other periodic presentation to the board of directors or comparable governing body of the client, which presentation typically summarizes the investment strategies employed for the client's account and the trading activity in the account over the relevant period.

Item 14. Client Referrals and Other Compensation

OrbiMed does not receive economic benefits from non-clients for providing investment advice and other advisory services.

At various times and subject to applicable regulatory requirements, OrbiMed pays solicitors who refer potential investors for OrbiMed client funds. In such cases, OrbiMed will benefit when such investors are referred because its management fees are generally based upon a percentage of the relevant fund's assets and its performance-based compensation is generally based upon a percentage of net profits on such assets. Accordingly, the more assets OrbiMed has under management for a given fund, the higher its management fee income and, potentially, its performance-based compensation.

The compensation paid to certain solicitors consists of a portion of certain of the fees earned by OrbiMed. Solicitors used by OrbiMed may also be broker-dealers, or affiliates of broker-dealers, through which OrbiMed transacts client orders, although such trading remains subject to the policies and procedures described above in Item 12.

In addition, individuals employed by solicitors used by OrbiMed are sometimes investors in private funds managed by OrbiMed or its affiliates.

Item 15. Custody

As applicable, OrbiMed client funds and securities are held by qualified custodians such as broker-dealers or banks that are unaffiliated with OrbiMed. From time to time, OrbiMed maintains some client assets under the "privately offered securities" exemption from Rule 206(4)-2 under the Investment Advisers Act (the "Custody Rule"). With respect to clients that are private funds for which OrbiMed or one of its affiliates serves as the general partner or in a similar capacity, OrbiMed (or an affiliate, as applicable) is generally deemed to have custody of the fund's assets by virtue of OrbiMed's (or an affiliate's) position with the fund. In such cases, the funds are subject to an annual audit and the audited financial statements are distributed to each fund investor. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion, and are distributed within 120 days of the fund's fiscal year ends. In addition, OrbiMed has developed procedures governing its personnel's access to the assets of such funds that are designed to ensure the safeguarding and protection of the assets. Such

procedures include, among other things, the separation of functions and dual signatory approvals for the distribution of fund capital.

Item 16. Investment Discretion

OrbiMed has the authority to make investment decisions regarding the type and size of securities to be purchased or sold without its clients' specific consent. However, such decisions are limited in that they must be consistent with the investment policy and objectives of OrbiMed's clients.

Item 17. Voting Client Securities

OrbiMed has adopted a proxy voting policy pursuant to which it generally follows the guidelines and recommendations of governance analysis and proxy voting firm, Glass Lewis & Co., LLC ("Glass Lewis"). OrbiMed has determined that those guidelines and recommendations are generally consistent with OrbiMed's own views of common types of proxy proposals, although under its proxy voting policy OrbiMed is permitted to deviate from those guidelines and recommendations in any given case. Voting for any particular client may also be subject to oversight by such client's board of directors or comparable governing body.

In the event that, with respect to a particular proxy vote, Glass Lewis does not issue a recommendation or OrbiMed has determined to depart from Glass Lewis's recommendation, OrbiMed will vote in accordance with additional guidelines that OrbiMed has established. Such guidelines generally seek to direct votes in a manner that will maximize the returns on the investments held by OrbiMed's clients.

In voting proxies for its clients and otherwise implementing its proxy voting policies, OrbiMed may face potential conflicts of interest with its clients, including but not limited to: (i) where OrbiMed (or an affiliate) manages assets or provides other financial services or products to a company whose management is soliciting proxies; (ii) where an OrbiMed representative serves on the board of directors of a public company soliciting proxies; (iii) where OrbiMed (or an affiliate) may have a business relationship with the proponent of a non-management proxy proposal; or (iv) where OrbiMed (or an affiliate) or any OrbiMed principal or employee involved in casting proxy ballots may have a personal interest in the outcome of a particular matter before shareholders.

OrbiMed has adopted policies and procedures designed to ensure that such potential conflicts do not affect the outcome of any proxy votes. Those include the use of Glass Lewis's guidelines and recommendations, which provide an independent source for voting determinations, as well as OrbiMed's own guidelines for the occasional votes that do not follow Glass Lewis's guidelines and recommendations. In addition, OrbiMed may seek instruction from the affected clients on the specific votes involved, or abstain from voting altogether.

In certain circumstances OrbiMed refrains from voting, or is unable to vote, the shares of particular issuers. This may occur where, for example, OrbiMed refrains from voting because the associated costs outweigh the potential benefits of exercising the right to vote, such as where a country requires so-called "share-blocking." In addition, OrbiMed is sometimes unable to vote proxies where the relevant issuer's shares have been rehypothecated by the client's prime broker or are otherwise unavailable to vote pursuant to a securities lending arrangement into which the client has entered.

OrbiMed has adopted different proxy voting policies and procedures with respect to private equity/venture capital and royalty funds that OrbiMed manages, in light of the specific strategies of such funds and the more active role OrbiMed often takes in those funds' portfolio companies. Proxy and other voting decisions for such funds' holdings are generally determined by the relevant investment team members, and not pursuant to recommendations from Glass Lewis. Such votes will generally be cast in the best interests of the relevant funds, based on the investment team's assessment of the particular matter and OrbiMed's strategy for the investment, subject (if applicable) to such other duties as OrbiMed or its representatives on a portfolio company's board of directors or equivalent body may have with respect to the company and its shareholders.

A copy of OrbiMed's proxy voting policies and procedures is available upon request, and clients or fund investors may receive information on how securities in their accounts have been voted, by contacting OrbiMed.

Item 18. Financial Information

OrbiMed has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.